BROADWAY
INDUSTRIAL GROUP LIMITED

STAYING ON TOP OF CHALLENGES

ANNUAL REPORT 2016

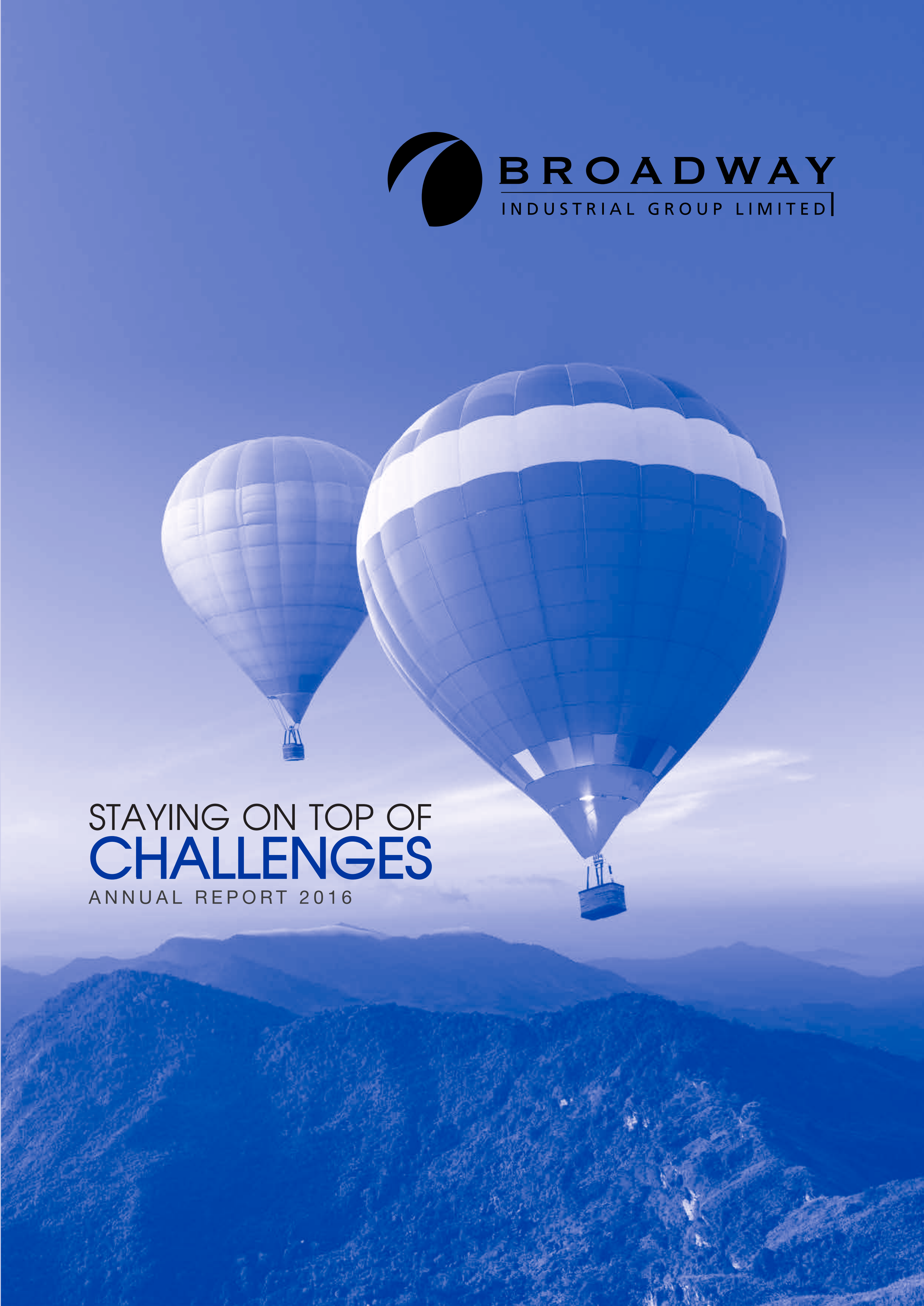


TABLE OF CONTENTS

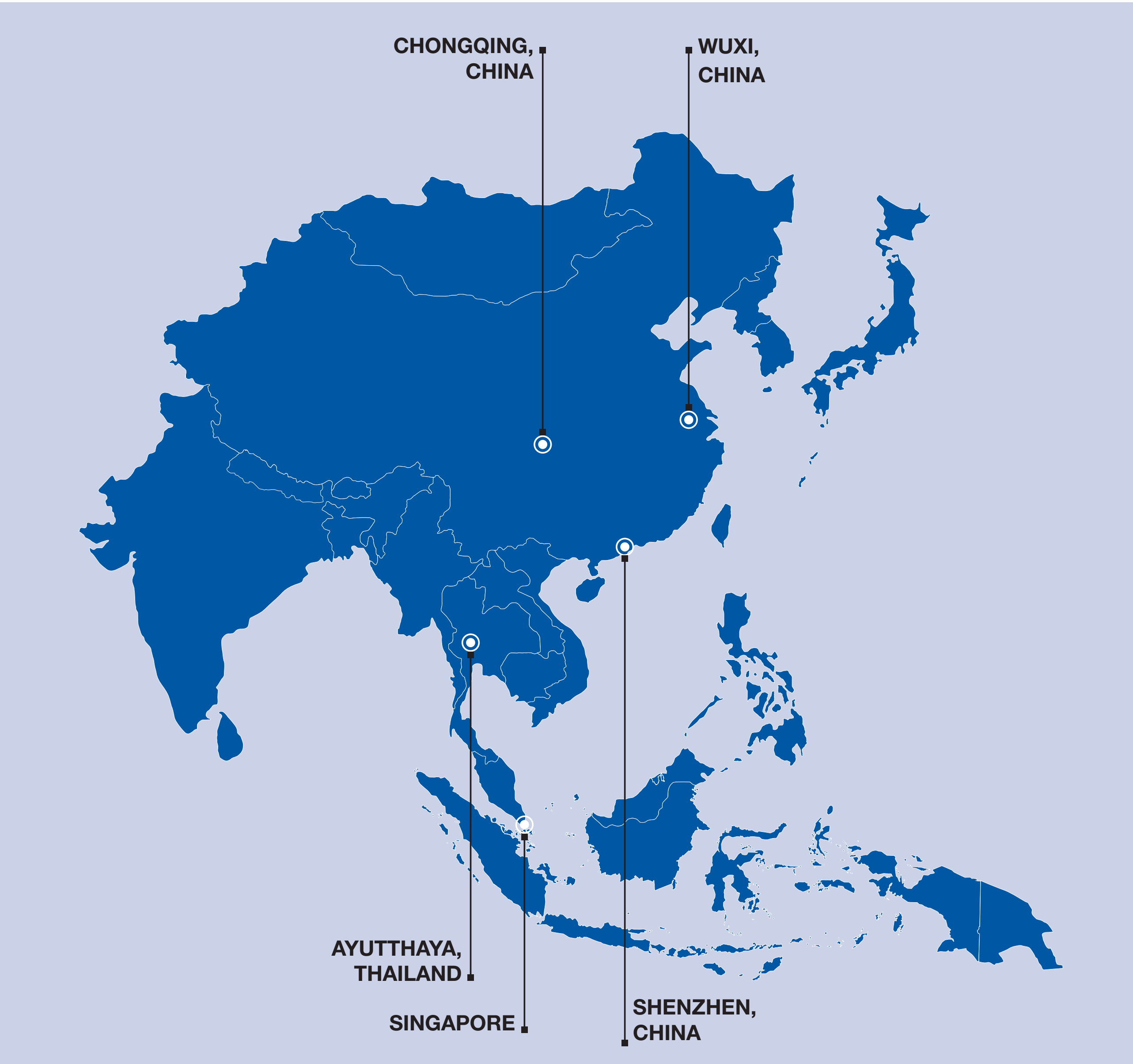
CORPORATE PROFILE

...a manufacturer of precision-machined components offering an excellent mix of cost-efficient manufacturing facilities, state-of-the-art technologies, experienced management teams and innovative solutions to a global customer base.

Founded in 1969 and listed on the SGX Mainboard in 1994, Broadway Industrial Group Limited ("Broadway" or the "Company") is a manufacturer of precision-machined components offering an excellent mix of cost-efficient manufacturing facilities, state-of-the-art technologies, experienced management teams and innovative solutions to a global customer base.

With emphasis on automation, lean manufacturing implementation and Six Sigma culture, Broadway and its subsidiaries (the "Group") specialize in providing high precision machining and sub-assembly processes in cleanroom environment for Original Equipment Manufacturing (OEM) products in data storage, automotive and telecommunications industries.

The Group is currently a key manufacturer of actuator arms and related assembled parts for the global Hard Disk Drive ("HDD") industry with manufacturing facilities across China and Thailand, employing more than 4,000 people worldwide.



CHAIRMAN'S
STATEMENT AND EXECUTIVE REVIEW

The disposal has been done in the best interest of the Company as it has unlocked shareholders' value and enabled the Group to monetize its investments...

DEAR SHAREHOLDERS,

GENERAL REVIEW

The financial year ended 31 December 2016 ("FY 2016") was a watershed year as the Company sold off two of its three main businesses, namely, its Foam Plastics Solutions ("FPS") business and Flow Control Devices ("FCD") business to an American private equity fund for a consideration sum of S$150 million, subject to adjustments from net working capital, capital expenditure and net debts amounts. This transaction was approved by shareholders at an Extraordinary General Meeting on 14 December 2016 and completed on 30 December 2016. The Group recognized a gain on disposal (net of tax) of S$15 million. The deal was structured with an upfront cash payment on completion of S$136 million and a deferred payment of S$14 million.

The Group had indicated in the Circular to Shareholders dated 29 November 2016 its intention to utilise the estimated net proceeds in the following ways: (1) using S$50 million to repay part of the Group's bank loans (2) using approximately S$30 million for the general capital management of the Group and financing of working capital of the Group's remaining businesses, being the Hard Disk Drive ("HDD") business, mobile devices business and automotive and industrial business; and, (3) using approximately S$40 million as distribution to shareholders. We are pleased to say that we have kept faith with our shareholders and have paid an interim dividend for FY 2016 of 8.5 cents per share (totalling about S$40 million) on 28 March 2017.

The disposal has been done in the best interest of the Company as it has unlocked shareholders' value and enabled the Group to monetize its investments in the disposed FPS and FCD businesses. The transaction also enabled the Company to significantly reduce its existing debts to a more manageable level and positioned the Company better to declare dividends to shareholders in the future.

Following the disposal, the remaining key business of the Group is its HDD business. In the financial statements, this remaining key business is reflected as continuing operations. In FY 2016, the HDD business remained difficult and challenging. The Group's revenue from continuing operations dropped 7.2% year-on-year from S$402.6 million in the preceding year to S$373.7 million in FY 2016, mainly due to the decreasing global HDD annual shipment volume trend.

The Group's results were also negatively impacted by the costs of the continued restructuring of the HDD business arising from operations consolidation, redundancy, write-off of property, plant and equipment, and inventories. Thankfully, these costs were partially offset by government grants received during the year and fair value gains on financial derivatives. The earnings before interest, tax, depreciation and amortisation and goodwill impairment ("EBITDA") for the HDD business came in at S$13.3 million in FY 2016, a 29.6% drop from S$18.9 million in FY 2015, despite the 56.2% year-on-year increase in core EBITDA, from S$16.9 million in FY 2015 to S$26.4 million in FY 2016, mainly because of the restructuring and extraordinary costs incurred.

Given the tough HDD operating environment with HDD volumes projected to continue with its gradual decline, the Board has impaired the Company's carrying value of its investment in the subsidiary holding HDD business by S$26.0 million. This brings the carrying value for this investment down to S$100 million. With this write-down, the Net Asset Value per share for the Company is at 34.83 cents while that of the Group is at 30.82 cents.

OUTLOOK AND FUTURE PROSPECTS

Globally, the world economic outlook seems to have improved compared to a year ago. With the improved outlook, the US Federal Reserve Bank has raised its interest rates by another 0.25% to 0.75%. As a result, the US dollar has strengthened gradually against most major currencies, including the Chinese Renminbi and the Singapore dollar. President Donald Trump has just assumed office as President of the USA. His pro-American global trade position is well known and it is still unclear how his trade policies will affect Asia, and in particular, China and Singapore, although it is generally assessed to be negative.

As for the global demand for HDD, Trendfocus reported that the shipment volume for 2016 amounted to 424.1 million units, a 9.5% decrease compared to 2015. Going forward, Trendfocus forecasts that the HDD total addressable market (TAM) in 2017 will continue to shrink, albeit at a more moderate rate to 414.4 million units due to tight NAND flash memory supplies and elevated SSD pricing. The longer term forecast for the next five years to 2021 is a decline of 4.1% per annum based on the outlook of eroding PC volumes and increasing SSD usage. With this outlook and forecast, the HDD sector is expected to remain challenging going forward.

We will maintain the Group's operational profitability on a positive core EBITDA basis, as we continue to optimize our operations and improve our efficiency and productivity...

CHAIRMAN'S STATEMENT AND EXECUTIVE REVIEW

CHALLENGES FOR THE GROUP

Given the challenging world economic scenario going forward, the gradually declining HDD market demand, and the HDD being the remaining significant business in the Group after the businesses disposal in 2016, the Board and management can well understand if shareholders are concerned about the future of the Company.

First of all, let us say that although the HDD volume is declining, it is still at a very high shipment volume of more than 400 million units per annum. We will maintain the Group's operational profitability on a positive core EBITDA basis, as we continue to optimize our operations and improve our efficiency and productivity through further operations consolidation, cost optimisation and right-sizing. Secondly, after the disposal of the FPS and FCD businesses in 2016, we have strengthened our balance sheet significantly by reducing our gearing to a much more manageable level. Thirdly, while we continue to be on the lookout for new businesses and customers, we will exercise extreme caution, especially if major new capital investments are required and/or result in exposure to unacceptable risks. Finally, we will also continue to explore new opportunities to further unlock shareholder's value.

APPRECIATION

On behalf of the Board, I would like to thank our management and staff who have worked hard to complete the disposal transaction of the FPS and FCD businesses before the financial year ended 31 December 2016. Special appreciation must also go towards the management and staff, especially the long service employees of these two disposed business divisions, who have contributed immensely over the years to grow the two divisions to where they were last year. As for the remaining HDD business, we thank those who have helped in the challenging task to rationalize the business amidst the difficult market conditions, although much of it is still work-in-progress. We would also like to express our gratitude to our loyal customers, vendors, bankers and business partners for their continued and unstinting support.

On 30 December 2016, our Chief Executive Officer ("CEO"), Mr Lee Wai Leong (Jeremy), resigned as an Executive Director and CEO of the Group upon the completion of the disposal of the FPS and FCD businesses. We place on record our thanks for his contributions to the Group during his 7 years tenure with the Company. In January 2017, the Board had appointed Mr Chuah Aik Loon, the Executive Vice President of the HDD business division, as an Executive Director of the Board in recognition of the importance of the remaining business to the Group. We look forward to his further contributions towards the continued success of the Group. We also regret that Mr Lee Po Lo @ Lee Khong Kee had resigned as Non-Executive Director with effect from 31 March 2017 due to personal reasons. Mr Lee joined the Group in 1979 and was one of the Executive Directors since the Company's incorporation and IPO in 1994 till his retirement and redesignation as Non-Executive Director in 2012. In his 38 years tenure with the Group, Mr Lee was instrumental in the development and expansion of the Group's operations, product offerings and businesses, in particular the regional expansion of the FPS operations and businesses. For and on behalf of the Board, Management and staff, we would like to express our sincere appreciation to Mr Lee for his immeasurable contributions, guidance and loyalty to the Group. We would also like to thank all members of the Board for their contributions and support, which is especially valuable in a watershed year. Last but not least, we also thank all shareholders for their patience and support over the years.

LEW SYN PAU
Chairman and Independent Director

NG AH HOY
Executive Director

CHUAH AIK LOON
Executive Director

While we continue to be on the lookout for new businesses and customers, we will exercise extreme caution, especially if they require major new capital investments and/ or result in exposure to unacceptable risks.

BOARD OF DIRECTORS

MR LEW SYN PAU
Chairman and Independent Director, 63

Mr Lew was appointed as an Independent Director on 2 November 2011 and was last re-elected on 23 April 2014. He is currently the Non-Executive Chairman of SUTL Enterprise Limited and also sits on the boards of listed companies – Food Empire Holdings Limited, Golden Agri-Resources Limited, Golden Energy and Resources Ltd and Poh Tiong Choon Logistics Limited. His prior work experience included being General Manager and Senior Country Officer of Banque Indosuez, Singapore Branch, Executive Director of NTUC Fairprice Co-operative Limited, Managing Director of NTUC Comfort Co-operative Limited and Assistant Secretary- General of NTUC. A Singapore Government Scholar, Mr Lew began his career with the Singapore Government Administrative Service. He holds a Masters in Engineering from Cambridge University, UK, and a Masters in Business Administration from Stanford University, USA. He was a Member of Parliament from 1988 to 2001.

MR NG AH HOY
Executive Director, 66

Mr Ng has more than 30 years of management experience in the electronics and manufacturing industry. He relinquished his duties as Senior Managing Director of the Group's Foam Plastics division in 2015 and is currently appointed as Chief Strategy Officer of the Company, responsible for planning and development of the Group's strategic direction and activities. Prior to joining the Group in 1990, Mr Ng headed the manufacturing operations of several multi-national corporations. Mr Ng graduated from the University of Singapore with a Bachelor of Engineering Degree in Mechanical Engineering. Mr Ng was appointed as an Executive Director since 24 October 1994 and was last re-elected on 29 April 2015.

MR CHUAH AIK LOON
Executive Director, 47

Mr Chuah joined the Group in 2002 as Director of the Group's Hard Disk Drive ("HDD") assembly operations in Thailand. He subsequently expanded the assembly operations to Wuxi, China and also undertook overall management of the Group's HDD machining operations. Since 2014, as the Executive Vice President, he is overall responsible for all the Group's HDD business and operations in China and Thailand. He graduated from University Science of Malaysia with an Honours Degree in Science/Arts and subsequently a Masters Degree in Science (Statistics). Mr Chuah was appointed as an Executive Director of the Board on 18 January 2017.

MR LEE CHOW SOON
Independent Director, 77

Mr Lee joined the Board on 24 October 1994 and was last re-elected on 30 April 2016. Mr Lee has been practicing as an Advocate and Solicitor and is currently a senior partner of Messrs Tan Lee & Partners, a firm of advocates and solicitors. He holds a Degree in Law from the University of London and an Honours Degree in Law from the University of Singapore. Mr Lee is a Justice of the Peace. He was awarded PBM in 1998 and BBM in 2006.

MR EU YEE MING RICHARD
Independent Director, 69

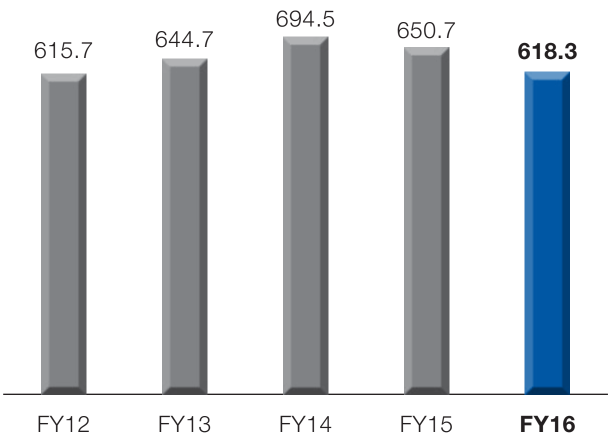
Mr Eu joined the Board on 15 September 2005 and was last re-elected on 30 April 2016. He is currently the Group Chief Executive Officer of Eu Yan Sang International Ltd. Mr Eu is also actively involved in the community projects and non-profit organizations such as the Singapore University of Social Sciences (formerly known as SIM University) and the National Heritage Board. He graduated with a Bachelor Degree in Law from London University, UK.

MS WONG YI JIA
Non-Executive Director, 33

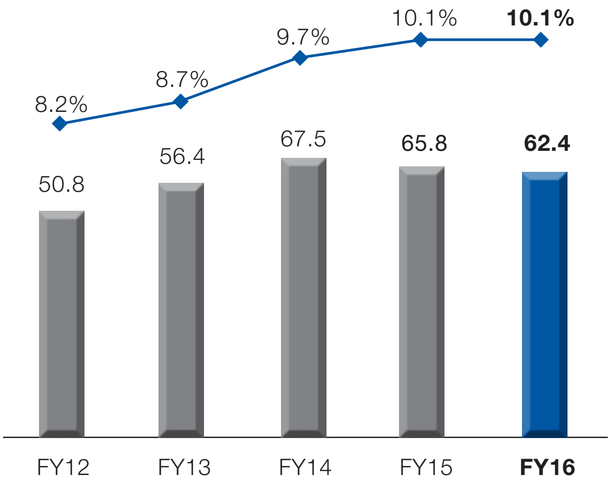
Ms Wong Yi Jia was appointed as a Non-Executive Director on 30 March 2015 and was last re-elected on 29 April 2015. Ms Wong was the Corporate Legal Counsel of the Group from July 2012 to March 2015, and was also the Joint Company Secretary of the Company. She is currently a practicing lawyer at Allen & Gledhill LLP. Ms Wong graduated from King's College London with a Bachelor of Laws degree and holds a Master of Laws degree from University College London.

FINANCIAL HIGHLIGHTS

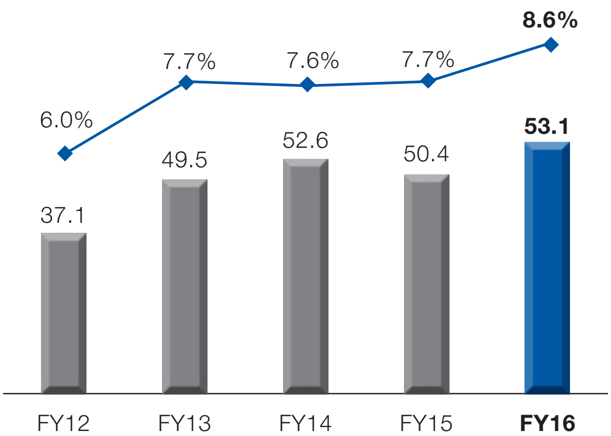
TURNOVER (S$' MIL)



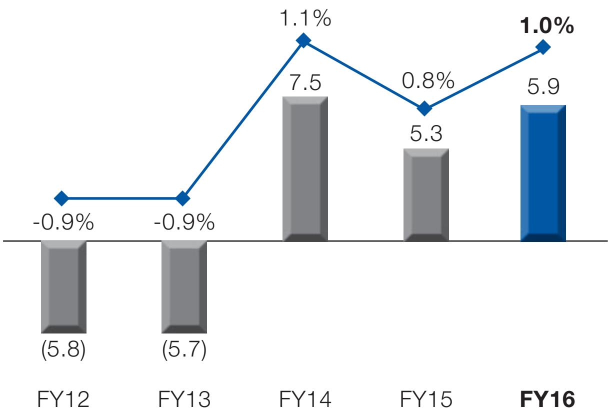
GROSS PROFIT (S$' MIL)



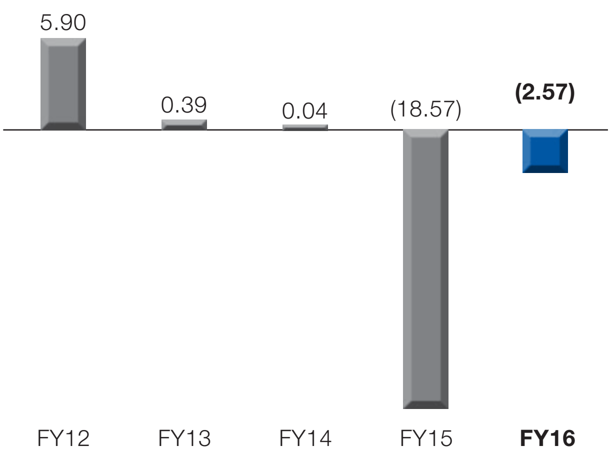
CORE EBITDA (S$' MIL) EXCLUDING NET FOREX GAIN/LOSSES AND ALL EXCEPTIONAL ITEMS



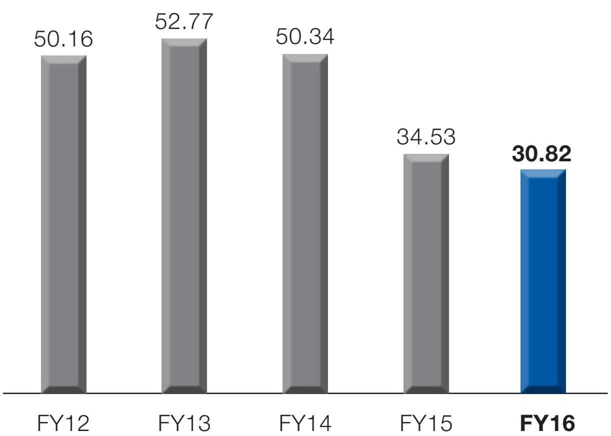
CORE PATMI (S$' MIL) EXCLUDING NET FOREX GAIN/LOSSES AND ALL EXCEPTIONAL ITEMS



EPS (S CENTS)



GROUP'S NAV PER SHARE (S CENTS)



CORPORATE INFORMATION

BOARD OF DIRECTORS

Lew Syn Pau Chairman and Independent Director

Lee Chow Soon Independent Director

Eu Yee Ming Richard Independent Director

Wong Yi Jia Non-Executive Director

Ng Ah Hoy Executive Director

Chuah Aik Loon Executive Director (Appointed on 18 January 2017)

AUDIT COMMITTEE

Lee Chow Soon, Chairman

Lew Syn Pau

Eu Yee Ming Richard

REMUNERATION COMMITTEE

Eu Yee Ming Richard, Chairman

Lew Syn Pau

Lee Chow Soon

Wong Yi Jia

NOMINATION COMMITTEE

Eu Yee Ming Richard, Chairman

Lew Syn Pau

Lee Chow Soon

Wong Yi Jia

COMPANY SECRETARIES

Lin Yu Xuan Terence

Lynn Wan Tiew Leng

AUDITORS

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Tel: (65) 6213 3388

Audit Partner-in-charge:
Ms Ong Chai Yan
(appointed in FY2015)

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FINANCIAL CONTENTS

CORPORATE GOVERNANCE REPORT

Broadway Industrial Group Limited (the "Company") continues to uphold an acceptable standard of corporate governance within the Group. In its support of the Code of Corporate Governance 2012 (the "Code"), as annexed to the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Board of Directors (the "Board") has established, as far as practicable, various self-regulating and monitoring mechanisms for the Company and its subsidiaries (the "Group") to ensure that effective corporate governance is practised in line with the principles of the Code. This report outlines the Group's corporate governance practices with specific references to the Code.

Other than deviations explained below, the Group has complied with the principles and guidelines of the Code. There are other sections in the Group's Annual Report that are relevant to the discussion of corporate governance, hence this report should be read together with those sections.

Principle 1
Board's Conduct of its Affairs

The Board supervises the management of the business and affairs of the Group. Key functions of the Board include the setting of the Group's strategic plans, key operational initiatives, major investments and funding decisions. The Board also identifies principal risks of the Group's business, ensures the implementation of appropriate systems to manage these risks and reviews the financial performance of the Group regularly.

The Board is supported in its tasks by Board Committees that have been established to assist in the execution of its responsibilities, namely the Audit Committee, Remuneration Committee and Nomination Committee. The composition and terms of reference of each Committee are described in this report.

When new Directors are appointed to the Board, they will be provided a formal letter setting out the Director's duties, obligations and responsibilities. Newly appointed Directors attend orientation programmes where they are briefed on the Group's business activities, its strategic direction and the regulatory environment in which the Group operates. In addition, newly appointed Directors are also introduced to the senior management team and invited to tour the Group's manufacturing facilities.

On an ongoing basis, the Board is updated on new laws that may affect the Group's business and changes in regulatory requirements and financial reporting standards. Directors and senior executives are encouraged to undergo relevant training to enhance their skills and knowledge, particularly on new laws and regulations affecting the Group's operations and governance practices. Details of seminars offered by third party institutions are regularly sent to the Board, and the Company is responsible for arranging and funding of such training if any Director elects to attend such seminars.

Transactions which are specifically referred to the Board for approval are those involving material acquisitions and disposals of assets, banking facilities and the provision of security, significant capital expenditure, conflicts of interest, joint venture arrangements, share issuances, interim dividends, the annual budget, and financial results.

The Company's Constitution permit Board meetings to be held by way of telephone or video conference or any other electronic means of communication by which all persons participating in the meeting are able, contemporaneously, to hear and be heard by all other participants.

All Directors have separate and independent access to the Company's senior management and the Joint Company Secretaries and/or the Corporate Business and Legal Counsel. The Joint Company Secretaries and/or the Corporate Business and Legal Counsel attend the Board and Audit Committee meetings and are responsible for ensuring that Board procedures are followed. The agenda for the meetings of the Board and its Committees, together with the appropriate supporting documents, are circulated to the Board prior to the meetings.

CORPORATE GOVERNANCE REPORT

Directors' Attendances at Board, Audit, Remuneration and Nomination Committees Meetings

The Board meets at least four times a year. Ad hoc meetings are convened if there are matters requiring the Board's decision at the relevant times.

The number of Board meetings and Board Committee meetings held in the financial year ended 31 December 2016 and the attendance of Directors at these meetings are as follows:

Meetings of:	**Board**	**Audit**	**Remuneration**	**Nomination**
Total held in FY ended 31 December 2016	**7**	**4**	**2**	**1**
Lew Syn Pau	7	4	2	1
Lee Chow Soon	7	4	2	1
Eu Yee Ming Richard	6	4	2	1
Lee Po Lo @ Lee Khong Kee(1)	6	3	N.A.	N.A.
Wong Yi Jia	7	N.A.	2	1
Lee Wai Leong (Jeremy)(2)	7	N.A.	N.A.	N.A.
Ng Ah Hoy	6	N.A.	N.A.	N.A.

Notes:

(1) Lee Po Lo @ Lee Khong Kee ceased to be a director of the Company on 31 March 2017.

(2) Lee Wai Leong (Jeremy) ceased to be a director of the Company on 30 December 2016.

Principles 2, 3 & 4
Board Composition, Balance and Membership

Principle 2
Board Composition

The Board currently comprises six Directors, of whom three are independent Directors, one is a non-executive and non-independent Director and two executive Directors. Therefore, more than one-third of the Board are independent Directors.

As at the date of this report, the composition of the Board and Board Committees are tabled as follows:

Name of director and role in Board	**Board**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**
Lew Syn Pau Independent Director	Non-Executive Chairman	Member	Member	Member
Lee Chow Soon Independent Director	Member	Chairman	Member	Member
Eu Yee Ming Richard Independent Director	Member	Member	Chairman	Chairman
Wong Yi Jia Non-Executive Director	Member		Member	Member
Ng Ah Hoy Executive Director	Member			
Chuah Aik Loon(1) Executive Director	Member			

Note:

(1) Chuah Aik Loon was appointed as an Executive Director on 18 January 2017.

CORPORATE GOVERNANCE REPORT

As a group, the Directors bring with them a broad range of expertise and experience in areas such as accounting, finance, law, business and management, strategic planning and customer service. The diversity of the Directors' experience allows for the useful exchange of ideas and views. The profile of each Board member, including details of their academic and professional qualifications and date of last election, is set out in the section entitled "Board of Directors" on page 5.

Principle 3
Chairman and Chief Executive Officer

Mr Lew Syn Pau is the Non-Executive Chairman of the Board of Directors. The previous Chief Executive Officer of the Company, Mr Lee Wai Leong (Jeremy), left the Company upon the completion of the disposal of the FPS and FCD businesses on 30 December 2016. Since then, no Chief Executive Officer has been appointed and the executive functions have been carried out by the Executive Directors, Mr Ng Ah Hoy and Mr Chuah Aik Loon. The roles of the Chairman and Executive Directors are held by separate individuals who are not related to one another.

There is an appropriate division of responsibilities between the Chairman and the Executive Directors, which ensures a balance of power and authority within the Company. The Chairman leads the Board and manages its workings and proceedings. He plays a crucial role in fostering constructive dialogue with shareholders at the Company's Annual and Extraordinary General meetings, as well as between the Board and management. The Executive Directors jointly head the management of the Group and oversee the execution of the Company's corporate and business strategies and policies, and the conduct of its business, as approved by the Board.

Principles 4 & 5
Board Membership and Board Performance

Nomination Committee ("NC")

The NC comprises the following members, the majority of whom (including the Chairman) are Independent Directors:

Eu Yee Ming Richard (Chairman)
Lew Syn Pau
Lee Chow Soon
Wong Yi Jia

The NC is regulated by a set of written terms of reference endorsed by the Board, setting out their duties and responsibilities. The principal functions of the NC are as follows:

(a) to review the structure, size and composition of the Board;

(b) to make recommendations to the Board on all Board appointments, re-appointments and re-nomination;

(c) to assess the independence of the Directors;

(d) to evaluate the effectiveness of the Board, Board Committees and individual directors; and

(e) to oversee succession planning for the Directors and the CEO.

Board Membership

The NC has reviewed the independence of the Directors for FY2016 in accordance with the Code's definition of independence and is of the view that Mr Eu Yee Ming Richard, Mr Lee Chow Soon, and Mr Lew Syn Pau are independent. The NC has conducted a formal assessment of the Board's performance as a whole, and the contribution by each individual Director to the effectiveness of the Board for FY2016.

CORPORATE GOVERNANCE REPORT

The Company's Constitution requires that in each year, one-third of the Directors will have to retire from office. Accordingly, the Directors submit themselves for re-nomination and re-election at regular intervals at least once every three years. Mr Lew Syn Pau was last re-elected to the Board on 23 April 2014 and Mr Ng Ah Hoy was last re-elected to the Board on 29 April 2015 and accordingly, they are required to retire from office and subject to re-election by the shareholders of the Company.

It is also provided in the Company's Constitution that new Directors appointed during the year shall only hold office until the next Annual General Meeting ("AGM") and are subject to re-election by the shareholders. As Mr Chuah Aik Loon was appointed as a director on 18 January 2017, he is required to relinquish his position and stand for re-election.

Mr Lew Syn Pau has been an independent director of the Company since 2 November 2011. The Nomination Committee ("NC") had assessed his independence and noted that his contributions and inputs to the Board and the Board committees continue to be invaluable and both the NC and the Board are satisfied that he continues to be capable of exercising independent judgment and discretion in considering matters relating to the Group. The Board is of the view that in the light of his experience and institutional memory of the Group, it is in the best interests of the Group for him to continue on the Board as an independent director. Mr Lew Syn Pau has consented to the Board's request.

Mr Ng Ah Hoy has been an executive director since 24 October 1994 and has more than 30 years of management experience in the electronics and manufacturing industry. Currently appointed as the Chief Strategy Officer of the Company, he is responsible for planning and development of the Group's strategic direction and activities. The Board is of the view that in the light of his experience and management expertise, it is in the best interests of the Group for him to continue on the Board as an executive director.

Mr Chuan Aik Loon has been with the Group's Hard Disk Drive ("HDD") division for 15 years and has been responsible for the Group's HDD business and operations for the last 3 years as Executive Vice President. He is also overseeing the execution of the cost optimization and streamlining of HDD operations and the further expansion of the product offering in the Group's existing mobile device business and in the automotive and industrial businesses. Following the disposal of the FPS and FCD businesses in December 2016, the remaining key business of the Group is its HDD business and Mr Chuah Aik Loon was appointed to the Board on 18 January 2017 in recognition of the importance of his role in the continuing business of the Group. The Board is of the view that given his responsibilities and key role in the HDD business, it is in the best interests of the Group for him to continue on the Board as an executive director.

The NC has recommended the re-election of Mr Lew Syn Pau, Mr Ng Ah Hoy and Mr Chuah Aik Loon at the upcoming AGM.

The NC and the Board note that each Director who holds multiple board representations in listed companies are assessed on an individual basis, taking into account various factors including their contributions and commitment to the Board and the extent of their external obligations. Accordingly, the NC and the Board have not set a maximum number of listed board representations but assess each Director on a case by case basis. Notwithstanding that some of the Directors have multiple listed board representations, the NC is satisfied that each Director is able to and has been adequately carrying out his duties as a Director of the Company.

The NC evaluates the Board's performance as a whole on an annual basis. Each Director is required to complete a Board Evaluation Questionnaire to assess the overall effectiveness of the Board. The areas under evaluation include board composition, board information, board process, internal control and risk management, board accountability, CEO and top management, and standards of conduct.

New Directors

The search and nomination process for new Directors, if any, are through contacts, recommendations and executive search firms. The NC will review and assess candidates before making recommendations to the Board. In recommending new directors to the Board, the NC takes into consideration the skills and experience required to support the Group's business activities or strategies and the current composition and size of the Board, and strives to ensure that the Board has an appropriate balance of Independent Directors as well as Directors with the right profile to expertise, skills and attributes.

CORPORATE GOVERNANCE REPORT

New Directors are appointed by the Board, after taking into consideration the recommendations of the NC. Such new Directors are required to submit themselves for re-election at the next AGM of the Company following their appointment.

Principle 6
Access to Information

The Board is furnished with relevant information and analysis by management pertaining to matters for the Board's discussion and decision. Management also ensures that the Board receives regular reports on the Group's financial performance and operations. The Board has separate and independent access to the management and the Joint Company Secretaries and/or the Corporate Business and Legal Counsel at all times. The Joint Company Secretaries and/or the Corporate Business and Legal Counsel attends to all corporate secretariat and compliance matters and is responsible for ensuring that legal and regulatory requirements as well as Board procedures are complied with. The Joint Company Secretaries and/or the Corporate Business and Legal Counsel attends all Board meetings. The appointment and removal of the Joint Company Secretaries are subject to the approval of the Board.

Each Director has the right to seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfil their duties and responsibilities as Directors.

Principles 7, 8 & 9
Remuneration Matters

Remuneration Committee ("RC")

The RC performs critical roles in support of sound Corporate Governance principles in the areas of Board's compensation and executive rewards management. As at the date of this report, the RC comprises the following members, a majority of whom (including the Chairman) are Independent Directors:

Eu Yee Ming Richard (Chairman)
Lew Syn Pau
Lee Chow Soon
Wong Yi Jia

The RC has adopted written terms of reference endorsed by the Board, setting out their duties and responsibilities. The RC's function is in attracting, retaining and rewarding well-qualified persons to serve the Group by pegging remuneration and benefits at competitive market rates. Directors' fees and the base salaries of staff are reviewed to ensure they are at sufficiently competitive levels. A compensation system is in place to reward staff based on their merit and performance through annual merit service increments. The Company adopts a remuneration policy that comprises a base salary and benefits, along with a variable performance bonus and grant of shares under the Company's share option scheme and share plan. The Company's share option scheme for Directors, senior management and executives serves as a long-term incentive plan. The share option scheme had expired on 7 November 2011. In addition, the Company has in place a share plan, which was approved by the shareholders of the Company at an Extraordinary General Meeting held on 28 July 2010. The share plan is to reward, retain and motivate employees of the Group and/or associated companies who excel in their performance and encourages greater dedication, loyalty and higher standards of performance. The share option scheme and share plan are administered by the RC.

The RC has the right to seek expert and independent professional advice in the field of executive compensation where required, at the Company's expense. No Director decides his own remuneration. Directors' fees are paid only after approval by shareholders at the Company's AGM.

CORPORATE GOVERNANCE REPORT

Disclosure on Remuneration of Directors and CEO

A breakdown showing the level and mix of each individual Director's remuneration in percentage terms is set out below. For competitive reasons, the Board is of the view that full disclosure on remuneration of the Directors and CEO will not benefit the Company.

Remuneration band and Name of Directors	Salary	Bonus	Directors' fees	Directors' profit sharing	Advisory services	Consultancy services	Benefits-in-kind	Share award[1]
	%	%	%	%	%	%	%	%
S$0 to S$249,999								
Lew Syn Pau	–	–	100	–	–	–	–	–
Lee Chow Soon	–	–	100	–	–	–	–	–
Eu Yee Ming Richard	–	–	100	–	–	–	–	–
Lee Po Lo @ Lee Khong Kee	–	–	100	–	–	–	–	–
Wong Yi Jia	–	–	100	–	–	–	–	–
S$250,000 to S$499,999								
Ng Ah Hoy	74	20	5	–	–	–	–	1
Chuah Aik Loon	91	7	–	–	–	–	1	1
S$500,000 to S$749,999								
Lee Wai Leong (Jeremy)[2]	84	11	3	–	–	–	1	1

Note:

(1) Refer to share awards granted under the BIGL Share Plan to executive Directors during the financial year. The fair value of stock awards granted is based on the Company's share price at grant date. The details of the BIGL Share Plan were provided in the Directors' Statement.

(2) Lee Wai Leong (Jeremy) ceased to be a director of the Company on 30 December 2016.

Disclosure on remuneration of the top five key executives (who are not directors) and employees who are immediate family members of a director

For competitive reasons, the Board is of the view that disclosure on remuneration of key executives will not benefit the Company. For FY2016, the aggregate total remuneration paid to the relevant key management personnel (who are not Directors or the CEO) amounted to $1,865,919.11 (2015: $1,746,864).

Mr Wong Yi Chun, the brother of Ms Wong Yi Jia, a non-executive Director of the Company and the son of Madam Lau Leok Yee, a substantial shareholder of the Company, is employed by the Group as Program Manager. For FY2016, the aggregate total remuneration paid to Mr Wong Yi Chun was within the band of $50,000 to $100,000.

Principles 10, 11, 12 & 13
Accountability, Risk Management and Internal Controls, Audit Committee & Internal Audit

Audit Committee ("AC")

The AC comprised three Independent Directors and one non-executive Director in FY2016, all of whom have the requisite qualifications to discharge their responsibilities:

Lee Chow Soon (Chairman)
Lew Syn Pau
Eu Yee Ming Richard
Lee Po Lo @ Lee Khong Kee (Resigned on 31 March 2017)

CORPORATE GOVERNANCE REPORT

The composition of the AC is in compliance with Section 201B of the Companies Act, which prescribes that a majority of the AC Members must not be executive Directors of the Company or any related corporations. With the majority of the AC Members including the Chairman being independent, the AC is able to perform its roles and functions independently.

The AC is authorised by the Board to investigate any activity within its terms of reference, having unrestricted access to information relating to the Group, to both internal and external auditors, and to the Management and staff. It has full discretion to invite any director or executive officer to attend its meetings. It has adequate resources to enable it to discharge its functions properly. The AC, having reviewed for any non-audit services provided by the external auditors to the Group, has confirmed that there were no such services provided during the year which would affect the independence of the external auditors.

The AC meets at least four times a year. Ad hoc meetings are also convened when circumstances require. The attendances at AC meetings for FY2016 are disclosed on page 10 of this report.

The AC performs the following key functions:

(a) recommending the nomination or re-nomination of the external auditors and approving the remuneration and terms of engagement of the external auditors;

(b) reviewing the audit plan, scope and findings of the external auditors as well as meeting with the external auditors at least once a year without the presence of the management;

(c) reviewing all non-audit services provided by the external auditors and confirming that these non-audit services would not affect the independence of the external auditors;

(d) reviewing the quarterly, half-year and full year results announcements and financial statements of the Company and the consolidated financial statements of the Group, monitoring their integrity and reviewing significant reporting issues and judgements contained therein, before submission to the Board for approval for the release of the results announcements to the SGX-ST;

(e) evaluating the adequacy and effectiveness of internal control systems, including financial, operational, compliance and information technology controls of the Group;

(f) to meet with the internal auditors without the presence of management at least once annually;

(g) to review interested person transactions; and

(h) to review arrangements by which staff of the Company may in confidence raise concerns about possible improprieties in matters of financial reporting or other matters. The Group has in place a whistle blowing policy which provides the mechanism for which staff of the Group may in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters.

The AC is regularly updated and briefed by Management and the external auditors on any changes to accounting standards and issues which have a direct impact on the financial statements of the Group.

CORPORATE GOVERNANCE REPORT

Internal Controls

The AC has reviewed the Group's system of internal controls, including financial, operational, compliance and information technology controls and risk management systems established by the management. This ensured that such controls are sound and adequate to provide reasonable assurance of the integrity, effectiveness and efficiency of the Company in safeguarding Shareholders' interests and the Group's assets. Additionally, in performing their audit of the financial statements, the external auditors perform tests over operating effectiveness of certain controls that the auditors intend to rely on that are relevant to the Group's preparation of its financial statements. The external auditors also report any significant deficiencies in such internal controls to the Directors and the AC.

The Board notes that it has received assurance from the Executive Directors and the Chief Financial Officer ("CFO"):

(a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances, and

(b) regarding the effectiveness of the Group's risk management and internal control systems.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors and reviews performed by Management, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls including financial, operational, compliance, and information technology controls and risk management systems, are adequate and effective for the year ended 31 December 2016. The Board regularly reviews the effectiveness of the risk management and all internal controls, including operational controls of the Group.

The Board notes that no system of internal control could provide absolute assurance against material financial misstatements, poor judgment in decision-making, human error, losses, fraud or other irregularities. The system of internal control includes safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulations and best practices, and the identification and containment of financial, business and compliance risks.

Any material internal control matters noted by the external auditors in the course of their statutory audit have been discussed with the AC.

Internal Audit

The Group had appointed BDO LLP as its internal auditor to conduct internal audits on the Group in FY2016. BDO is a professional firm which, during the period of its service, reported directly to the Chairman of the AC on internal audit matters. The primary objective of the internal audit function is to provide reasonable, independent and objective assurance that the existing system of internal controls are adequate and operating effectively to safeguard shareholders' investments and the Group's assets. The AC is satisfied that the effectiveness of the internal auditors is adequate in meeting the needs of the Group.

Risk Management Policies and Processes

The main risks arising from the Group's financial operations are liquidity risk, foreign currency risk, credit risk and interest rate risk. The Board reviews and agrees on policies for managing each of these risks.

In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the directors to finance the Group's operations and mitigate the effects of fluctuations in cash flow. To ensure that the Group has adequate overall liquidity to finance its operations and investment requirements, the Group maintains a significant amount of available banking facilities with a number of banks.

CORPORATE GOVERNANCE REPORT

The Group's main currency exposures are in Singapore dollar, United States Dollar, Thailand Baht and Chinese Renminbi. The Group uses a combination of natural hedges of matching assets and liabilities and forward contracts and derivatives as a hedging tool to manage its exposure to fluctuating foreign currency rates.

As for credit risk, the Group places its cash and cash equivalents with creditworthy institutions. The Group performs ongoing credit evaluation of its customers' financial conditions.

The Group manages its interest rate risk by maintaining a prudent mix of fixed and floating interest rate borrowings. In managing the interest rate profile, the Group takes into account the interest rate outlook and the expected cash flow generated from its business operations.

Various measures are implemented to manage Group's operational risks. These include safety and security, internal control procedures and appropriate insurance coverage.

Fees Paid to External Auditors

The aggregate amount of fees paid to the external auditors of the Group for FY2016 is disclosed under Note 25 of the Financial Statements.

Principles 14, 15 & 16
Shareholder Rights, Communication with Shareholders and Conduct of Shareholder Meetings

The Group believes in upholding a strong culture of continuous disclosure and transparent communication with all stakeholders and does not practice selective disclosure. All material and price-sensitive information relating to the Group are released timely and equally to the general public and shareholders by way of public releases or announcements through SGXNET at first instance and then posted on the Group's website.

The management ensures that all shareholders will receive the annual report, circulars and notices of the shareholders' meetings within the mandatory period. Shareholders are encouraged to attend and participate at the Company's AGM to ensure that they have a better understanding of the Group's plans and developments for the future.

The AGM and Extraordinary General Meeting ("EGM"), if applicable, are attended by the Directors, external auditors, the Joint Company Secretaries and Management. The Group welcomes shareholders' feedback and encourages their participation in sharing ideas and asking questions during such sessions.

The Company prepare minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and Management, and to make these minutes available to shareholders upon their request.

To have greater transparency in the voting process, the Company has adopted the system of voting by poll at its AGM and EGM. Results of each resolution put to vote at the AGM are announced immediately at the meeting. Separate resolutions at general meetings are on substantially separate issues. All the resolutions at the general meetings are single item resolution. Shareholders may also appoint up to two proxies to attend and vote in his/her stead.

Shareholders can visit Broadway's website at www.bw-grp.com for the latest update as well as more information on the Group.

CORPORATE GOVERNANCE REPORT

Internal Code on Dealing with Securities

An internal code, which complies with Rule 1207(19) of the Listing Manual of the SGX-ST, with respect to dealings in securities of the Company, has been issued to Directors and officers. The Company's Directors and officers are not allowed to deal in the Company's shares within two weeks before the announcement of its result for each of the first three quarters of the financial year and one month before the announcement of its full year results.

Directors and officers are reminded not to deal in the Company's securities on consideration of a short-term nature.

Directors and officers are required to observe insider trading provisions under the Securities and Futures Act at all times even when dealing in the Company's securities within the permitted periods. Directors and officers of the Company are required to report all dealings to the Company.

Interested Person Transactions

During the financial year ended 31 December 2016, there were no interested person transactions ("IPT") entered with the Group that amounted to more than $100,000. The Company has also put in place an internal procedure to track IPTs of the Group.

Material Contracts

There were no material contracts of the Company or its subsidiaries involving the interests of Directors or controlling shareholders.

Dividend

Given the financial position of the Group and the Board's and Management's cautious view on the Group's prospects for FY2017, and that an interim dividend for FY2016 had been declared and paid, no final dividend has been declared or recommended in respect of FY2016.

12 April 2017

DIRECTORS' STATEMENT

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2016.

In our opinion:

(a) the financial statements set out on pages 32 to 102 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Directors

The directors in office at the date of this statement are as follows:

Lew Syn Pau
Lee Chow Soon
Eu Yee Ming Richard
Wong Yi Jia
Ng Ah Hoy
Chuah Aik Loon (Appointed on 18 January 2017)

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the "Act"), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
The Company		
Lew Syn Pau		
– ordinary shares		
– deemed interests	44,572,639	44,572,639
Lee Chow Soon		
– ordinary shares		
– interests held	453,333	453,333
– options to subscribe for ordinary shares at:		
– $0.50 per share between 04/03/2012 and 04/03/2016	100,000	–

DIRECTORS' STATEMENT

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
The Company		
Eu Yee Ming Richard		
– ordinary shares		
– interests held	147,333	147,333
– options to subscribe for ordinary shares at:		
– $0.50 per share between 04/03/2012 and 04/03/2016	100,000	–
Lee Po Lo @ Lee Khong Kee#		
– ordinary shares		
– interests held	1,896,962	1,926,962
– options to subscribe for ordinary shares at:		
– $0.45 per share between 03/03/2011 and 03/03/2020	150,000	150,000
– share awards to be delivered from 2014 to 2016	0 to 30,000(1)	–
Ng Ah Hoy		
– ordinary shares		
– interests held	67,500	116,250
– deemed interests	1,165,000	1,165,000
– options to subscribe for ordinary shares at:		
– $0.45 per share between 03/03/2011 and 03/03/2020	150,000	150,000
– share awards to be delivered from 2014 to 2016	0 to 30,000(1)	–
– share awards to be delivered from 2015 to 2017	0 to 37,500(2)	0 to 25,000(2)
– share awards to be delivered from 2016 to 2018	0 to 25,000(3)	0 to 18,750(3)
– share awards to be delivered from 2017 to 2019	0 to 40,000(4)	0 to 40,000(4)
– share awards to be delivered from 2018 to 2020	–	0 to 40,000(5)

\# Lee Po Lo @ Lee Khong Kee resigned as director on 31 March 2017.

(1) The actual amount of shares to be delivered will depend on the achievement of set targets over a four-year period from 2013 to 2016.

(2) The actual amount of shares to be delivered will depend on the achievement of set targets over a four-year period from 2014 to 2017.

(3) The actual amount of shares to be delivered will depend on the achievement of set targets over a four-year period from 2015 to 2018.

(4) The actual amount of shares to be delivered will depend on the achievement of set targets over a four-year period from 2016 to 2019.

(5) The actual amount of shares to be delivered will depend on the achievement of set targets over a four-year period from 2017 to 2020.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning or at the end of the financial year.

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2017.

Except as disclosed under the "Share Options" and "Share Plan" sections of this statement, neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' STATEMENT

Share options

The BIGL Share Option Scheme 2001 (the "Scheme") of the Company was approved and adopted by its members at an Extraordinary General Meeting held on 8 November 2001. The Scheme expired on 7 November 2011.

Other information regarding the Scheme is set out below:

- The options can be exercised 1 year after the grant date for market price options and 2 years after the grant date for incentive options. A further vesting period for the exercise of the options may be set.
- The exercise price of the incentive options can be set at a discount to the market price not exceeding 20% of the market price in respect of options granted at the time of grant.
- All options are settled by physical delivery of shares.
- The options granted expire after 5 years for non-executive directors and 10 years for executive directors and employees.

At the end of the financial year, details of the options granted under the Scheme on the unissued ordinary shares of the Company, are as follows:

Date of grant of options	Exercise price per share $	Options outstanding as at 1 January 2016	Options forfeited	Options outstanding as at 31 December 2016	Number of option holders as at 31 December 2016	Exercise period
06/03/2009	0.07	16,000	–	16,000	1	06/03/2010 to 06/03/2019
02/06/2009	0.14	200,000	–	200,000^	1	02/06/2011 to 02/06/2019
03/03/2010	0.45	720,000	–	720,000	13	03/03/2011 to 03/03/2020
11/05/2010	0.565	200,000	–	200,000	1	11/05/2011 to 11/05/2020
04/03/2011	0.50	200,000	(200,000)	–	–	04/03/2012 to 04/03/2016
10/05/2011	0.51	200,000	–	200,000	1	10/05/2012 to 10/05/2021
		1,536,000	(200,000)	1,336,000		

^ These options were granted at a discount of 20%.

DIRECTORS' STATEMENT

Details of options granted to directors of the Company under the Scheme are as follows:

Name of director	Aggregate options granted since commencement of Scheme to 31 December 2016	Aggregate options exercised since commencement of Scheme to 31 December 2016	Aggregate options forfeited since commencement of Scheme to 31 December 2016	Aggregate options outstanding as at 31 December 2016
Lee Chow Soon	500,000	(200,000)	(300,000)	–
Eu Yee Ming Richard	365,000	(65,000)	(300,000)	–
Lee Po Lo @ Lee Khong Kee	960,000	(810,000)	–	150,000
Ng Ah Hoy	1,010,000	(860,000)	–	150,000

Since the commencement of the Scheme, except for the above directors, no options have been granted to the controlling shareholders of the Company or their associates and no participant under the Scheme has been granted 5% or more of the total options available under the Scheme.

Since the commencement of the Scheme, no options have been granted to employees of the Company or its related corporations under the Scheme, except for 14 employees of the Company, of which an employee is also a director of the Company, who were granted options to subscribe for a total of 3,633,000 ordinary shares (adjusted for one-for-one bonus share issue in 2011) in the Company.

The options granted by the Company do not entitle the holders of the options, by virtue of such holding, to any rights to participate in any share issue of any other company.

Share plan

The BIGL Share Plan (the "Plan") of the Company was approved and adopted by its members at an Extraordinary General Meeting held on 28 July 2010. The Plan is administered by the Company's Remuneration Committee, comprising four directors, Eu Yee Ming Richard, Lee Chow Soon, Lew Syn Pau and Wong Yi Jia.

The Plan is intended to reward, retain and motivate employees to higher standards of performance and encourage greater dedication and loyalty by enabling the Company to give recognition to outstanding employees of the Group and/or associated companies.

Awards will be released to participants as fully paid shares upon expiry of the prescribed vesting periods or retention periods and subject to conditions prescribed in the Plan.

Employees of the Group and/or associated companies shall be eligible to participate in the Plan subject to the absolute discretion of the Remuneration Committee. Non-executive directors of the Group and associated companies, controlling shareholders and their associates will not be eligible to participate in the Plan.

DIRECTORS' STATEMENT

The actual number of shares awarded will depend on the achievement of set targets over a four-year period. This will be determined by the Remuneration Committee at the end of the qualifying performance period and released to the recipient over a four-year vesting period in the ratio of 0%, 25%, 25% and 50% consecutively.

At the end of the financial year, details of the awards granted under the Plan on the unissued ordinary shares of the Company, are as follows:

Date of grant of share awards	Share awards not released at 1 January 2016	Share awards granted during the financial year ended 31 December 2016	Share awards granted since commencement of Plan to 31 December 2016	Share awards vested since commencement of Plan to 31 December 2016	Share awards forfeited since commencement of Plan to 31 December 2016	Share awards not released at 31 December 2016
4 March 2011	–	–	1,054,000	(680,500)	(373,500)	–
4 April 2012	50,000	–	165,000	(100,000)	(65,000)	–
4 May 2012	77,500	–	310,000	(170,000)	(140,000)	–
4 June 2012	110,000	–	405,000	(260,000)	(145,000)	–
18 July 2012	15,000	–	30,000	(30,000)	–	–
4 April 2013	165,000	–	315,000	(106,250)	(151,250)	57,500
4 June 2013	90,000	–	262,000	(73,750)	(128,250)	60,000
4 May 2014	135,000	–	210,000	(33,750)	(97,500)	78,750
4 June 2014	200,000	–	220,000	(47,500)	(63,750)	108,750
4 April 2015	220,000	–	300,000	–	(80,000)	220,000
4 May 2015	160,000	–	160,000	–	(60,000)	100,000
4 June 2015	140,000	–	140,000	–	(20,000)	120,000
4 April 2016	–	220,000	220,000	–	(20,000)	200,000
4 May 2016	–	210,000	210,000	–	–	210,000
4 June 2016	–	180,000	180,000	–	(20,000)	160,000
	1,362,500	610,000	4,181,000	(1,501,750)	(1,364,250)	1,315,000

Details of share awards granted to directors and an employee of the Company under the Plan are as follows:

	Share awards granted and not released as at 1 January 2016	Share awards granted during the financial year ended 31 December 2016	Share awards vested during the financial year ended 31 December 2016	Aggregate share awards granted and not released as at 31 December 2016
Name of director				
Lee Po Lo @ Lee Khong Kee*	30,000	–	(30,000)	–
Ng Ah Hoy	132,500	40,000	(48,750)	123,750
Name of employee				
Chuah Aik Loon**	106,250	40,000	(40,000)	106,250

* Lee Po Lo @ Lee Khong Kee was re-designated as a non-executive director in 2012.

** Chuah Aik Loon was appointed as director of the Company on 18 January 2017.

DIRECTORS' STATEMENT

Since the commencement of the Plan, except for the above directors and an employee, no share awards have been granted to the controlling shareholders of the Company or their associates and no participant under the Plan has been granted 5% or more of the total share awards available under the Plan.

Since the commencement of the Plan, no share awards have been granted to employees of the Company or its related corporations under the Plan, except for 28 existing employees of the Company, of which, one director is also an employee of the Company, who were granted share awards of a total of 4,181,000 ordinary shares (adjusted for one-for-one bonus share issue in 2011) in the Company.

The share awards granted by the Company do not entitle the holders of the share awards, by virtue of such holding, to any rights to participate in any share issue of any other company.

Except as disclosed above, there were no unissued shares of the Company or its subsidiaries under options granted and shares awards granted by the Company or its subsidiaries as at the end of the financial year ended 31 December 2016.

The aggregate number of shares available under the Scheme, the Plan and any other applicable share-based schemes shall not exceed 15% of the Company's total issued shares (excluding treasury shares).

Audit Committee

The members of the Audit Committee during the year and at the date of this statement are:

Lee Chow Soon (Chairman), non-executive director
Lew Syn Pau, non-executive director
Eu Yee Ming Richard, non-executive director
Lee Po Lo @ Lee Khong Kee, non-executive director

The Audit Committee performs the functions specified in Section 201B of the Act, the SGX Listing Manual and the Code of Corporate Governance.

The Audit Committee has held four meetings since the last directors' statement. In performing its functions, the Audit Committee met with the Company's external auditors and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee also reviewed the following:

- assistance provided by the Company's officers to the internal and external auditors;
- quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the external auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

DIRECTORS' STATEMENT

In appointing our auditors for the Company, subsidiaries and significant associated companies, we have complied with Rules 712, 715 and 716 of the SGX Listing Manual.

Auditors

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Lew Syn Pau
Director

Lee Chow Soon
Director

12 April 2017

INDEPENDENT AUDITOR'S REPORT

MEMBERS OF THE COMPANY
BROADWAY INDUSTRIAL GROUP LIMITED

Report on the financial statements

Opinion

We have audited the financial statements of Broadway Industrial Group Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2016, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 32 to 102.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2016 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the Audit of the Financial Statements*" section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

MEMBERS OF THE COMPANY
BROADWAY INDUSTRIAL GROUP LIMITED

THE KEY AUDIT MATTER	HOW WAS THE MATTER ADDRESSED IN OUR AUDIT

Impairment assessment of property, plant and equipment ("PPE")

Refer to Note 4 – PPE and Note 6 – Impairment testing for cash-generating units ("CGUs") containing PPE

As at 31 December 2016, the net assets of the Group of $156 million exceeded its market capitalisation of $89 million by $67 million. The Group's continuing operations relate to the Components CGU (see Note 6 for definition of Components CGU) which has historically been loss making. These are therefore indications of possible impairment on the Group's PPE, which are fully attributable to the Components CGU.

Management has applied the fair value less cost to sell method to determine the recoverable amount of the PPE. The fair value of the PPE are based on independent valuations.

The determination of the PPE valuation involves significant judgement and estimation uncertainties. Judgement is required in determining the valuation methodology as well as the appropriate assumptions to be applied.

Our key procedures include the below, amongst others:

- We evaluated the competence, capability and objectivity of the independent valuer. We have read the Group's terms of engagement with the valuer to determine whether there are any matters that might have affected their objectivity or limited the scope of their work.
- We assessed the appropriateness and reasonableness of the valuation methodologies and key assumptions used by the valuer, which involve significant judgement and estimation uncertainty.

INDEPENDENT AUDITOR'S REPORT

MEMBERS OF THE COMPANY
BROADWAY INDUSTRIAL GROUP LIMITED

THE KEY AUDIT MATTER

Impairment assessment of investment in a subsidiary

Refer to Note 7 – Subsidiaries

The Company has a cost of investment in a subsidiary, Compart Asia Pte Ltd ("Compart Asia") of $126 million.

Compart Asia is an investment holding company which holds the various Hard Disk Drive ("HDD") subsidiaries ("Compart Group) of the Group.

Indicators of impairment exist in relation to the Group's investment in Compart Asia, given the declining performance of the HDD CGU, and Compart Asia Group's net assets of $79 million (as at 31 December 2016) being lower than the Company's cost of investment in Compart Asia.

Management has utilised the value-in-use (discounted cash flow) method to determine the recoverable amount of the cost of investment in the subsidiary.

The recoverable amount is determined based on estimates of forecast revenue, profit margins, long term growth rates and discount rate.

An impairment loss of approximately $26 million is recorded in the Company's financial statements as at 31 December 2016.

HOW WAS THE MATTER ADDRESSED IN OUR AUDIT

Our key procedures include the below, amongst others:

- We discussed with management the bases of the future business plans for the HDD CGU.
- We assessed the key assumptions applied by comparing them with historical performance and external market reports.
- We independently recomputed the discount rate applied, using available industry data.
- We considered the adequacy of the Group's disclosures.

INDEPENDENT AUDITOR'S REPORT

MEMBERS OF THE COMPANY
BROADWAY INDUSTRIAL GROUP LIMITED

THE KEY AUDIT MATTER	HOW WAS THE MATTER ADDRESSED IN OUR AUDIT
Provisions *Refer to Note 21 – Provisions and Note 32 – Contingencies* The Group has recorded provisions for taxes, financial guarantees, restructuring and termination benefits. Judgement is required in the determination of whether an outflow of economic benefit is probable and the level of provision required to be made. In determining the provisions to be made, the Group considers the impact of uncertain tax positions as well as possible outcomes respectively. This involves judgements about future events. New information or developments may become available or occur which would impact the level of provision recorded. Management has performed a review of each of its significant provisions, based on observable information and historical trends.	Our key procedures include the below, amongst others: • We discussed with management the bases of their assessment of provisions required. • We assessed the reasonableness of the methodology used and the assumptions applied. • In relation to provision for taxes, we involved tax specialists to review potential tax exposures by inspecting any claims, queries or assessments issued by the tax authorities to date. • In relation to provision for financial guarantees, we reviewed the appropriateness of the financial model used and the reasonableness of the assumptions applied in determining the level of provision required. • Where a liability is assessed to be possible but not probable, we assessed the adequacy of disclosures with respect to the contingencies.

Other information

Management is responsible for the other information. The other information comprises Corporate Profile, Chairman's Statement and Executive Review, Board of Directors, Financial Highlights, Corporate Information, Corporate Governance Report, Directors' Statement and Statistics of Shareholdings.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and the FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

INDEPENDENT AUDITOR'S REPORT

MEMBERS OF THE COMPANY
BROADWAY INDUSTRIAL GROUP LIMITED

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

MEMBERS OF THE COMPANY
BROADWAY INDUSTRIAL GROUP LIMITED

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by a subsidiary corporation incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Ong Chai Yan.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
12 April 2017

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Note	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Assets					
Property, plant and equipment	4	**109,865**	177,568	**24**	51
Goodwill	5	**–**	–	**–**	–
Subsidiaries	7	**–**	–	**100,000**	154,501
Associates	8	**–**	3,020	**–**	98
Other receivables	9	**15,133**	–	**–**	–
Other investments	10	**114**	919	**47**	852
Financial derivatives	11	**–**	17	**–**	–
Deferred tax assets	12	**–**	1,510	**–**	–
Non-current assets		**125,112**	183,034	**100,071**	155,502
Financial derivatives	11	**575**	749	**–**	–
Inventories	13	**31,510**	89,425	**–**	–
Trade and other receivables	14	**56,183**	128,769	**2,914**	740
Cash and cash equivalents	15	**145,235**	48,163	**91,559**	549
Assets held for sale	16	**–**	7,460	**–**	–
Current assets		**233,503**	274,566	**94,473**	1,289
Total assets		**358,615**	457,600	**194,544**	156,791
Equity					
Share capital	17	**113,139**	113,091	**113,139**	113,091
Reserves	17	**(8,467)**	(3,182)	**305**	292
Retained earnings	17	**40,460**	52,564	**50,563**	33,843
Equity attributable to owners of the Company		**145,132**	162,473	**164,007**	147,226
Non-controlling interests		**(1,356)**	1,401	**–**	–
Total equity		**143,776**	163,874	**164,007**	147,226
Liabilities					
Financial derivatives	11	**–**	4	**–**	–
Loans and borrowings	18	**13,974**	30,587	**–**	–
Deferred tax liabilities	12	**–**	203	**–**	–
Provisions	21	**4,250**	–	**4,250**	–
Non-current liabilities		**18,224**	30,794	**4,250**	–
Financial derivatives	11	**1,975**	9,605	**–**	–
Loans and borrowings	18	**87,110**	91,025	**2,000**	2,000
Trade and other payables	20	**103,838**	156,502	**24,282**	7,560
Provisions	21	**–**	4,241	**–**	–
Current tax liabilities		**3,692**	1,559	**5**	5
Current liabilities		**196,615**	262,932	**26,287**	9,565
Total liabilities		**214,839**	293,726	**30,537**	9,565
Total equity and liabilities		**358,615**	457,600	**194,544**	156,791

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED INCOME STATEMENT

YEAR ENDED 31 DECEMBER 2016

	Note	2016 $'000	2015 $'000 Restated*
Continuing operations			
Revenue	23	**373,700**	402,571
Cost of sales		**(371,016)**	(392,822)
Gross profit		**2,684**	9,749
Other income		**3,598**	3,587
Distribution expenses		**(3,863)**	(4,492)
Administrative expenses		**(18,462)**	(19,635)
Sales and marketing expenses		**(1,898)**	(2,171)
Other expenses		**(22,723)**	(79,447)
Results from operating activities		**(40,664)**	(92,409)
Finance income		**19**	25
Finance costs		**(6,012)**	(6,145)
Net finance costs	24	**(5,993)**	(6,120)
Loss before tax		**(46,657)**	(98,529)
Tax expense	26	**(2,933)**	(8,197)
Loss from continuing operations		**(49,590)**	(106,726)
Discontinued operations			
Revenue	23	**244,603**	248,107
Cost of sales		**(184,846)**	(192,057)
Gross profit		**59,757**	56,050
Other income		**2,767**	1,252
Distribution expenses		**(9,008)**	(9,943)
Administrative expenses		**(16,169)**	(14,882)
Sales and marketing expenses		**(8,526)**	(9,106)
Other expenses		**(4,745)**	(1,678)
Results from operating activities		**24,076**	21,693
Finance income		**1,672**	838
Finance costs		**(738)**	(875)
Net finance costs	24	**934**	(37)
Gain on disposal of discontinued operations	27	**21,211**	–
Tax on gain on disposal of discontinued operations	26	**(6,609)**	–
Share of profit of associates (net of tax)		**1,125**	1,084
Profit before tax		**40,737**	22,740
Tax expense	26	**(2,979)**	(3,339)
Profit from discontinued operations		**37,758**	19,401
Loss for the year	25	**(11,832)**	(87,325)

* See note 27.

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED INCOME STATEMENT

YEAR ENDED 31 DECEMBER 2016

	Note	2016 $'000	2015 $'000 Restated*
Profit/(Loss) for the year attributable to:			
Owners of the Company		**(12,104)**	(87,365)
Non-controlling interests		**272**	40
Loss for the year		**(11,832)**	(87,325)
(Loss)/Profit from continuing operations attributable to:			
Owners of the Company		**(49,644)**	(106,576)
Non-controlling interests		**54**	(150)
Loss from continuing operation		**(49,590)**	(106,726)
Profit from discontinued operations attributable to:			
Owners of the Company		**37,540**	19,211
Non-controlling interests		**218**	190
Profit from discontinued operations		**37,758**	19,401
Earnings per share			
Basic earnings per share (cents)	28	**(2.57)**	(18.57)
Diluted earnings per share (cents)	28	**(2.57)**	(18.57)
Earnings per share – Continuing operations			
Basic earnings per share (cents)	28	**(10.55)**	(22.65)
Diluted earnings per share (cents)	28	**(10.55)**	(22.65)
Earnings per share – Discontinued operations			
Basic earnings per share (cents)	28	**7.97**	4.08
Diluted earnings per share (cents)	28	**7.95**	4.07

* See note 27.

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2016

	2016 $'000	2015 $'000
Loss for the year	**(11,832)**	(87,325)
Other comprehensive income/(loss)		
Items that are or may be reclassified subsequently to profit or loss:		
Foreign currency translation differences for foreign operations	**(2,263)**	12,602
Foreign currency translation differences on loss of control and significant influence reclassified to profit or loss	**(2,490)**	–
Effective portion of changes in fair value of cash flow hedges	**79**	380
Share of foreign currency translation differences of associates	**–**	(52)
Other comprehensive (loss)/income for the year, net of tax	**(4,674)**	12,930
Total comprehensive loss for the year	**(16,506)**	(74,395)
Total comprehensive income/(loss) attributable to:		
Owners of the Company	**(16,532)**	(74,402)
Non-controlling interests	**26**	7
Total comprehensive loss for the year	**(16,506)**	(74,395)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2016

	Note	Share capital $'000	Reserve for own shares $'000	Capital reserve $'000	Share option reserve $'000	Asset revaluation reserve $'000	Translation reserve $'000	Hedging reserve $'000	Retained earnings $'000	Equity attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2015		113,016	(357)	2,924	730	870	(19,772)	(459)	139,929	236,881	1,394	238,275
Total comprehensive income/(loss) for the year												
(Loss)/Profit for the year		–	–	–	–	–	–	–	(87,365)	(87,365)	40	(87,325)
Other comprehensive income/(loss)												
Foreign currency translation differences for foreign operations		–	–	–	–	–	12,635	–	–	12,635	(33)	12,602
Effective portion of changes in fair value of cash flow hedges		–	–	–	–	–	–	380	–	380	–	380
Share of foreign currency transaction differences of associates		–	–	–	–	–	(52)	–	–	(52)	–	(52)
Total other comprehensive income/(loss)		–	–	–	–	–	12,583	380	–	12,963	(33)	12,930
Total comprehensive income/(loss) for the year		–	–	–	–	–	12,583	380	(87,365)	(74,402)	7	(74,395)
Transactions with owners, recognised directly in equity												
Contributions by and distributions to owners												
Own shares acquired		–	(108)	–	–	–	–	–	–	(108)	–	(108)
Share-based payment transactions	25	75	132	–	(105)	–	–	–	–	102	–	102
Total contributions by and distributions to owners		75	24	–	(105)	–	–	–	–	(6)	–	(6)
At 31 December 2015		113,091	(333)	2,924	625	870	(7,189)	(79)	52,564	162,473	1,401	163,874

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2016

	Note	Share capital $'000	Reserve for own shares $'000	Capital reserve $'000	Share option reserve $'000	Asset revaluation reserve $'000	Translation reserve $'000	Hedging reserve $'000	Retained earnings $'000	Equity attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2016		113,091	(333)	2,924	625	870	(7,189)	(79)	52,564	162,473	1,401	163,874
Total comprehensive income/(loss) for the year												
(Loss)/Profit for the year		–	–	–	–	–	–	–	(12,104)	(12,104)	272	(11,832)
Other comprehensive income/(loss)												
Foreign currency translation differences for foreign operations		–	–	–	–	–	(2,120)	–	–	(2,120)	(143)	(2,263)
Effective portion of changes in fair value of cash flow hedges		–	–	–	–	–	–	79	–	79	–	79
Foreign currency translation differences on loss of control and significant influence reclassified to profit or loss	27	–	–	–	–	–	(2,387)	–	–	(2,387)	(103)	(2,490)
Total other comprehensive income/(loss)		–	–	–	–	–	(4,507)	79	–	(4,428)	(246)	(4,674)
Total comprehensive income/(loss) for the year		–	–	–	–	–	(4,507)	79	(12,104)	(16,532)	26	(16,506)
Transactions with owners, recognised directly in equity												
Contributions by and distributions to owners												
Share-based payment transactions	25	48	96	–	(83)	–	–	–	–	61	–	61
Changes in ownership interests in subsidiaries												
Disposal of subsidiaries with loss of control	27	–	–	–	–	(870)	–	–	–	(870)	(2,783)	(3,653)
Total transactions with owners		48	96	–	(83)	(870)	–	–	–	(809)	(2,783)	(3,592)
At 31 December 2016		113,139	(237)	2,924	542	–	(11,696)	–	40,460	145,132	(1,356)	143,776

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2016

	Note	2016 $'000	2015 $'000
Cash flows from operating activities			
Loss for the year		**(11,832)**	(87,325)
Adjustments for:			
Tax expense		**5,912**	11,536
Depreciation of property, plant and equipment	4	**37,012**	39,752
Equity-settled share-based payment transactions	25	**61**	102
Fair value (gain)/loss on financial derivatives	25	**(7,085)**	2,805
(Gain)/Loss on disposal of property, plant and equipment	25	**(443)**	904
Property, plant and equipment written off	25	**9,909**	–
Inventories written down	25	**5,474**	–
Fair value change in deferred consideration receivable	25	**1,118**	–
Fair value change in trade receivables	25	**(347)**	4,295
Impairment loss on available-for-sale equity securities	25	**805**	–
Gain on disposal of discontinued operations, net of tax		**(14,602)**	–
Impairment loss on goodwill	25	**–**	67,292
Interest expense	24	**6,750**	7,020
Interest income	24	**(1,691)**	(863)
Share of profit of associates, net of tax		**(1,125)**	(1,084)
		29,916	44,434
Changes in:			
– inventories		**30,138**	8,867
– trade and other receivables		**(14,241)**	34,328
– trade and other payables		**(14,598)**	(26,030)
– provisions		**9**	4,241
Cash generated from operating activities		**31,224**	65,840
Tax paid		**(3,452)**	(4,774)
Net cash from operating activities		**27,772**	61,066
Cash flows from investing activities			
Acquisition of property, plant and equipment		**(28,217)**	(23,580)
Interest received		**874**	863
Proceeds from disposal of property, plant and equipment		**4,310**	3,048
Proceeds from disposal of available-for-sale equity securities		**–**	105
Disposal of discontinued operations, net of cash disposed of	27	**120,787**	–
Net cash from/(used in) investing activities		**97,754**	(19,564)
Cash flows from financing activities			
Interest paid		**(6,904)**	(7,020)
Proceeds from bank borrowings		**116,742**	121,762
Repayment of bank borrowings		**(138,622)**	(146,526)
Repurchase of own shares		**–**	(108)
Net cash used in financing activities		**(28,784)**	(31,892)
Net increase in cash and cash equivalents		**96,742**	9,610
Cash and cash equivalents at 1 January		**48,158**	35,802
Effect of exchange rate fluctuations on cash held		**330**	2,746
Cash and cash equivalents at 31 December	15	**145,230**	48,158

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2016

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 12 April 2017.

1 Domicile and activities

Broadway Industrial Group Limited (the "Company") is a company incorporated in Singapore. The address of the Company's registered office is 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623. The Company's principal place of business is 3 Fusionopolis Way, #13-26/27 Symbiosis Tower, Singapore 138633.

The financial statements of the Group as at and for the year ended 31 December 2016 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in associates.

The principal activity of the Company is that of an investment holding company. The principal activities of significant subsidiaries are those relating to the manufacture of foam plastics and packaging products, expanded polystyrene related products and precision machined components and the sub-assembly of actuator arms.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("FRS").

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Company's functional currency. Other entities within the Group have United States dollars and Chinese Renminbi as functional currencies. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 6 – impairment test: key assumptions underlying recoverable amount of cash-generating unit containing goodwill and property, plant and equipment;
- Note 7 – impairment test: key assumptions underlying recoverable amount of investment in subsidiaries;
- Note 13 – valuation of inventories;
- Note 21 – measurement of financial guarantees; and
- Note 32 – measurement of provision for taxes.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

2 Basis of preparation (Continued)

2.4 Use of estimates and judgements (Continued)

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

If third party information, such as broker quotes or pricing services, is used to measure fair values, then management assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of FRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Group Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 : inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 19 – share-based payment arrangements; and
- Note 22 – financial instruments.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by the Group entities.

The comparative consolidated income statement has been re-presented as if the operations discontinued during the current year had been discontinued from the start of the comparative year (see note 27).

3 Significant accounting policies (Continued)

3.1 Basis of consolidation

Business combinations

Business combinations are accounted for using the acquisition method in accordance with FRS 103 *Business Combination* as at the date of acquisition, which is the date on which control is transferred to the Group.

The Group measures goodwill at the date of acquisition as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the acquisition date and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards ("replacement awards") are exchanged for awards held by the acquiree's employees ("acquiree's awards") and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition. The measurement basis taken is elected on a transaction-by-transaction basis. All other non-controlling interests are measured at acquisition-date fair value, unless another measurement basis is required by FRSs.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

3 Significant accounting policies (Continued)

3.1 Basis of consolidation (Continued)

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss.

Investments in associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity.

Investments in associates are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the associate's operations or has made payments on behalf of the associate.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the associate. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Subsidiaries and associates in the separate financial statements

Investments in subsidiaries and associates are stated in the Company's statement of financial position at cost less accumulated impairment losses.

3 Significant accounting policies (Continued)

3.2 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis depending on whether foreign currency movements are in a net gain or net loss position.

Foreign operations

The assets and liabilities of foreign operations, excluding goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operation and translated at the exchange rates at the reporting date. For acquisitions prior to 1 January 2005, the exchange rates at the date of acquisition were used.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation, and are recognised in other comprehensive income, and are presented in the translation reserve in equity.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2016

3 Significant accounting policies (Continued)

3.3 Financial instruments

Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories: loans and receivables and available-for-sale financial assets.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, trade and other receivables (excluding prepayments) and non-current deferred consideration receivable.

Cash and cash equivalents comprise cash balances and bank deposits. For the purpose of the consolidated statement of cash flows, pledged deposits are excluded from cash and cash equivalents.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the other categories of financial assets. Available-for-sale financial assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is classified to profit or loss.

Available-for-sale financial assets comprise equity securities.

3 Significant accounting policies (Continued)

3.3 Financial instruments (Continued)

Non-derivative financial liabilities

All financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial liabilities into the other financial liabilities category.

Such financial liabilities are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, and trade and other payables.

Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own share account. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in share capital.

Derivative financial instruments, including hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures.

On initial designation of the derivative as the hedging instrument, the Group formally documents the relationship between the hedging instrument and the hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be 'highly effective' in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk, and whether the actual results of each hedge are within a range of 80 – 125%. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2016

3 Significant accounting policies (Continued)

3.3 Financial instruments (Continued)

Derivative financial instruments, including hedge accounting (Continued)

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

When the hedged item is a non-financial asset, the amount accumulated in equity is retained in other comprehensive income and reclassified to profit or loss in the same period or periods during which the non-financial item affects profit or loss. In other cases as well, the amount accumulated in equity is reclassified to profit or loss in the same period that the hedged item affects profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified to profit or loss.

Other non-trading derivatives

When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in fair value are recognised immediately in profit or loss.

3.4 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

3 Significant accounting policies (Continued)

3.4 Property, plant and equipment (Continued)

Recognition and measurement (Continued)

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Construction-in-progress is not depreciated until it is ready for its intended use.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for the current and comparative years are as follows:

Buildings on freehold land	–	20 years
Leasehold land	–	26 to 50 years (period of lease)
Leasehold buildings	–	16 to 47 years
Leasehold improvements	–	1 to 5 years
Plant and machinery	–	2 to 10 years
Office equipment and furniture	–	3 to 5 years
Motor vehicles	–	5 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2016

3 Significant accounting policies (Continued)

3.5 Goodwill

For the measurement of goodwill at initial recognition, see note 3.1.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses.

3.6 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

3.7 Impairment

Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event(s) has occurred after the initial recognition of the asset, and that the loss event(s) has an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or economic conditions that correlate with defaults. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Loans and receivables

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

3 Significant accounting policies (Continued)

3.7 Impairment (Continued)

Non-derivative financial assets (Continued)

Loans and receivables (Continued)

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in cumulative impairment provisions attributable to application of the effective interest method are reflected as a component of interest income. Any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2016

3 Significant accounting policies (Continued)

3.7 Impairment (Continued)

Non-financial assets (Continued)

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.8 Assets held for sale

Non-current assets that are highly probable to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets are remeasured in accordance with the Group's accounting policies. Thereafter, the assets classified as held for sale are generally measured at the lower of their carrying amount and fair value less cost to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

3.9 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on corporate bonds, that have a credit rating of at least AA from rating agencies, that have maturity dates approximating the terms of the Group's obligations and that are denominated in the currency in which the benefits are expected to be paid. The calculation is performed using the projected unit credit method. Any actuarial gains and losses are recognised in profit or loss in the period in which they arise.

Termination benefits

Termination benefits are recognised as an expense when the Group is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

3 Significant accounting policies (Continued)

3.9 Employee benefits (Continued)

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Share-based payment transactions

The grant date fair value of equity-settled share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

3.10 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Restructuring

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

3.11 Revenue

Sale of goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreement. Transfers of risks and rewards usually occur upon delivery to the customers; however, for sales under Vendor Management Inventory programmes, transfer occurs upon customers' drawn-down of inventories at the third parties' warehouses.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

3 Significant accounting policies (Continued)

3.12 Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. These grants are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised.

3.13 Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

3.14 Finance income and finance costs

Finance income mainly comprises interest income on funds invested and amounts due from an associate that is recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs mainly comprise interest expense on borrowings. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

3.15 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable is the best estimate of the tax amount expected to be paid that reflects uncertainty related to income taxes, if any.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and associates to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

3 Significant accounting policies (Continued)

3.15 Tax (Continued)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.16 Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively within a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative income statement is re-presented as if the operation had been discontinued from the start of the comparative year.

3.17 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise share options and share awards granted to employees.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

3 Significant accounting policies (Continued)

3.18 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the CEO (the chief operating decision maker) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, fair value change on financial derivatives and deferred consideration receivable, foreign exchange loss, deferred consideration receivable, amount due from purchaser of the Group's disposed businesses, financial derivatives, corporate bank loans, provisions and accrued expenses in relation to the Disposal Transaction, and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment.

3.19 Financial guarantees

Financial guarantees issued by the Company require the Company to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees are accounted for as insurance contracts. A provision is recognised based on the Group's and the Company's estimate of the ultimate cost of settling all claims incurred but unpaid at the reporting date. The provision is assessed by reviewing individual claims and tested for adequacy by comparing the amount recognised and the amount that would be required to settle the guarantee contracts.

3.20 New standards and interpretations not adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2016 and earlier application is permitted; however, the Group has not applied the following new or amended standards in preparing these financial statements.

For those new standards and amendments to standards that are expected to have an effect on the financial statements of the Group and the Company in future financial periods, management has started to assess the transition options and the potential impact on its financial statements. The Group does not plan to adopt these standards early.

Applicable to the Group's 2018 financial statements

FRS 115 Revenue from Contracts with Customers

FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

When effective, FRS 115 replaces existing revenue recognition guidance, including FRS 18 *Revenue*, FRS 11 *Construction Contracts*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for the Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers* and INT FRS 31 *Revenue – Barter Transactions Involving Advertising Services*.

3 Significant accounting policies (Continued)

3.20 New standards and interpretations not adopted (Continued)

Applicable to the Group's 2018 financial statements (Continued)

FRS 115 Revenue from Contracts with Customers (Continued)

FRS 115 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. FRS 115 offers a range of transition options including full retrospective adoption where an entity can choose to apply the standard to its historical transactions and retrospectively adjust each comparative period presented in its 2018 financial statements. When applying the full retrospective method, an entity may also elect to use a series of practical expedients to ease transition.

Based on its initial assessment, the Group expects the following key changes:

Timing of revenue recognition – The Group currently recognises revenue from the sale of goods when significant risks and rewards of ownership have been transferred to the customers. Under FRS 115, revenue is recognised when the performance obligation is satisfied and the customer obtains control of the goods. The timing of revenue recognition is expected to vary for different delivery programmes.

Variable consideration – The Group currently recognises revenue from the sale of goods at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Certain contracts for the sale of goods contain certain price adjustment provisions. Such clauses represent variable consideration under FRS 115 and revenue is recognised to the extent that it is highly probable that there will be no significant reversal in the future when the price uncertainty is resolved.

The Group is currently performing a detailed analysis under FRS 115 to determine its election of the practical expedients and to quantify the transition adjustments on its financial statements.

FRS 109 Financial Instruments

FRS 109 replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from FRS 39.

FRS 109 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. Retrospective application is generally required, except for hedge accounting. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. Restatement of comparative information is not mandatory. If comparative information is not restated, the cumulative effect is recorded in opening equity as at 1 January 2018.

During 2016, the Group performed its initial assessment of the impact on the Group's financial statements. Overall, the Group does not expect a significant impact on its opening equity except for the effect of applying the impairment requirements of FRS 109 for which the Group expects to record a higher impairment loss allowance.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2016

3 Significant accounting policies (Continued)

3.20 New standards and interpretations not adopted (Continued)

Applicable to the Group's 2018 financial statements (Continued)

FRS 109 Financial Instruments (Continued)

The Group's initial assessment of the three elements of FRS 109 is as described below.

Classification and measurement – The Group does not expect a significant change to the measurement basis arising from adopting the new classification and measurement model under FRS 109.

Loans and receivables that are currently accounted for at amortised cost will continue to be accounted for using amortised cost model under FRS 109.

For financial assets and financial liabilities currently held at fair value, the Group expects to continue measuring them at fair value through profit or loss under FRS 109.

Impairment – The Group plans to apply the simplified approach and record lifetime expected impairment losses on all trade receivables and any contract assets arising from the application of FRS 115. On adoption of FRS 109, the Group expects an increase in the impairment loss allowance as it does not require collateral in respect of its loans and receivables. The Group is currently refining its impairment loss estimation methodology to quantify the impact on its financial statements.

Transition – The Group plans to adopt the standard when it becomes effective in 2018 without restating comparative information; and is gathering data to quantify the potential impact arising from the adoption.

Convergence with International Financial Reporting Standards (IFRS)

In addition, the Accounting Standards Council (ASC) announced on 29 May 2014 that Singapore-incorporated companies listed on the Singapore Exchange (SGX) will apply a new financial reporting framework identical to the International Financial Reporting Standards (referred to as SG-IFRS in these financial statements) for the financial year ending 31 December 2018 onwards.

The Group has performed a preliminary assessment of the impact of SG-IFRS 1 *First-time adoption of International Financial Reporting Standards* for the transition to the new reporting framework. Based on the Group's preliminary assessment, the Group expects that the impact on adoption of SG-IFRS 15 *Revenue from Contracts with Customers* and SG-IFRS 9 *Financial Instruments* will be similar to adopting FRS 115 and FRS 109 as described in this note.

Other than arising from the adoption of new and revised standards, the Group does not expect to change its existing accounting policies on adoption of the new framework.

The Group is currently performing a detailed analysis of the available policy choices, transitional optional exemptions and transitional mandatory exceptions under SG-IFRS 1 and the preliminary assessment may be subject to changes arising from the detailed analyses.

3 Significant accounting policies (Continued)

3.20 New standards and interpretations not adopted (Continued)

Applicable to the Group's 2019 financial statements

FRS 116 eliminates the lessee's classification of leases as either operating *leases* or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use (ROU) assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

FRS 116 substantially carries forward the lessor accounting requirements in FRS 17 *Leases*. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the FRS 17 operating lease and finance lease accounting models respectively. However, FRS 116 requires more extensive disclosures to be provided by a lessor.

When effective, FRS 116 replaces existing lease accounting guidance, including FRS 17, INT FRS 104 *Determining whether an Arrangement contains a Lease*, INT FRS 15 *Operating Leases – Incentives*, and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

FRS 116 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted if FRS 115 is also applied.

The Group has performed a preliminary high-level assessment of the new standard on its existing operating lease arrangements as a lessee (refer to Note 30). Based on the preliminary assessment, the Group expects these operating leases to be recognised as ROU assets with corresponding lease liabilities under the new standard. The operating lease commitments on an undiscounted basis amount to approximately 0.7% of the consolidated total assets and 1.2% of consolidated total liabilities. Assuming no additional new operating leases in future years until the effective date, the Group expects the amount of ROU asset and lease liability to be lower due to discounting and as the lease terms run down.

The Group plans to adopt the standard when it becomes effective in 2019. The Group will perform a detailed analysis of the standard, including the transition options and practical expedients in 2017.

The Group expects that the impact on adoption of IFRS 16 *Leases* to be similar to adopting SG-FRS 116, after the transition to SG-IFRS in 2018 as described above.

4 Property, plant and equipment

	Note	Freehold land $'000	Buildings on freehold land $'000	Leasehold land $'000	Leasehold buildings $'000	Leasehold improvements $'000	Plant and machinery $'000	Office equipment and furniture $'000	Motor vehicles $'000	Construction-in-progress $'000	Total $'000
Group											
Cost											
At 1 January 2015		1,934	6,755	6,758	45,713	71,125	361,449	14,207	2,252	9,116	519,309
Additions		–	–	–	558	1,364	10,289	854	213	9,107	22,385
Disposals		–	–	–	(51)	(4,041)	(18,323)	(598)	(310)	–	(23,323)
Reclassifications		–	–	–	–	24	4,886	(1)	–	(4,909)	–
Reclassification to assets held for sale	16	–	–	–	–	–	–	–	–	(7,460)	(7,460)
Effect of movements in exchange rates		135	471	209	2,003	4,506	22,560	750	87	410	31,131
At 31 December 2015 and 1 January 2016		2,069	7,226	6,967	48,223	72,978	380,861	15,212	2,242	6,264	542,042
Additions		–	–	–	12	2,871	14,338	483	2	10,499	28,205
Disposals		–	–	–	–	(11,247)	(15,963)	(847)	(313)	(144)	(28,514)
Write-off		–	–	–	–	(29,563)	(50,921)	(3,623)	(122)	–	(84,229)
Disposal of subsidiaries	27	–	–	(5,321)	(24,574)	(12,577)	(98,854)	(6,380)	(1,103)	(167)	(148,976)
Reclassifications		–	–	–	–	5,225	(1,620)	294	–	(3,899)	–
Transfer from assets held for sale		–	–	–	–	–	–	–	–	102	102
Effect of movements in exchange rates		48	169	(221)	(660)	(564)	589	(232)	(53)	432	(492)
At 31 December 2016		2,117	7,395	1,425	23,001	27,123	228,430	4,907	653	13,087	308,138

4 Property, plant and equipment (Continued)

	Note	Freehold land $'000	Buildings on freehold land $'000	Leasehold land $'000	Leasehold buildings $'000	Leasehold improvements $'000	Plant and machinery $'000	Office equipment and furniture $'000	Motor vehicles $'000	Construction-in-progress $'000	Total $'000
Group											
Accumulated depreciation and impairment losses											
At 1 January 2015		–	2,399	1,045	8,682	41,263	255,768	11,085	1,687	–	321,929
Depreciation		–	352	151	1,852	9,080	26,813	1,254	250	–	39,752
Disposals		–	–	–	(45)	(2,585)	(14,349)	(558)	(249)	–	(17,786)
Effect of movements in exchange rates		–	176	31	341	2,800	16,540	622	69	–	20,579
At 31 December 2015 and 1 January 2016		–	2,927	1,227	10,830	50,558	284,772	12,403	1,757	–	364,474
Depreciation		–	354	208	1,747	6,850	26,617	1,106	130	–	37,012
Disposals		–	–	–	–	(9,263)	(15,810)	(821)	(264)	–	(26,158)
Write-off		–	–	–	–	(24,139)	(46,691)	(3,368)	(122)	–	(74,320)
Disposal of subsidiaries	27	–	–	(1,142)	(8,246)	(9,095)	(78,098)	(4,873)	(892)	–	(102,346)
Reclassifications		–	–	–	–	–	(61)	61	–	–	–
Effect of movements in exchange rates		–	85	(41)	(254)	(577)	594	(159)	(37)	–	(389)
At 31 December 2016		–	3,366	252	4,077	14,334	171,323	4,349	572	–	198,273
Carrying amounts											
At 1 January 2015		1,934	4,356	5,713	37,031	29,862	105,681	3,122	565	9,116	197,380
At 31 December 2015		2,069	4,299	5,740	37,393	22,420	96,089	2,809	485	6,264	177,568
At 31 December 2016		2,117	4,029	1,173	18,924	12,789	57,107	558	81	13,087	109,865

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

4 Property, plant and equipment (Continued)

	Plant and machinery $'000	Office equipment and furniture $'000	Total $'000
Company			
Cost			
At 1 January 2015	49	249	298
Additions	–	23	23
Disposals	–	(21)	(21)
At 31 December 2015 and 1 January 2016	49	251	300
Additions	–	2	2
Disposals	–	(10)	(10)
At 31 December 2016	49	243	292
Accumulated depreciation			
At 1 January 2015	31	203	234
Depreciation	10	26	36
Disposals	–	(21)	(21)
At 31 December 2015 and 1 January 2016	41	208	249
Depreciation	8	21	29
Disposals	–	(10)	(10)
At 31 December 2016	49	219	268
Carrying amounts			
At 1 January 2015	18	46	64
At 31 December 2015	8	43	51
At 31 December 2016	–	24	24

Security

The following property, plant and equipment are pledged as security to secure bank loans (see note 18):

	Group 2016 $'000	Group 2015 $'000
Leasehold land and buildings	**2,623**	2,728

5 Goodwill

	$'000
Group	
Cost	
At 1 January 2015	62,903
Effect of movements in exchange rates	4,389
At 31 December 2015	67,292
Accumulated impairment losses	
At 1 January 2015	–
Impairment loss	(67,292)
At 31 December 2015	(67,292)
Carrying amounts	
At 1 January 2015	62,903
At 31 December 2015	–

The goodwill arose from the Group's acquisition of 44.15% additional interest in a subsidiary, Compart Asia Pte Ltd, in October 2007. The entire goodwill was allocated to the Group's hard disk drive ("HDD") component business and was fully impaired in 2016.

6 Impairment testing for cash-generating unit ("CGU") containing goodwill and property, plant and equipment

2016

Subsequent to the Disposal Transaction (see note 27), the Group reassessed its CGU and determined that the Hard Disk Drive segment and the remaining Precision Engineering Solutions segment form the Components CGU. The Group's property, plant and equipment are fully attributable to the Group's Components CGU. The Components CGU continued to incur operating losses and actual revenue had declined more than management's forecast in 2016.

As at 31 December 2016, the recoverable amount of the Group's property, plant and equipment attributed to the Components CGU was determined based on its fair value less costs to sell derived using direct market comparison method and depreciated replacement cost method. The fair value of the property, plant and equipment was determined by external and independent valuer who has the appropriate recognised professional qualifications to perform the valuation.

The recoverable amount of the Components CGU's property, plant and equipment was higher than its carrying amount as at 31 December 2016 and no impairment was required for the year ended 31 December 2016.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2016

6 Impairment testing for cash-generating unit ("CGU") containing goodwill and property, plant and equipment (Continued)

2015

As at 31 December 2015, the aggregate carrying amounts of goodwill allocated and property, plant and equipment attributed to the Group's HDD CGU are as follows:

	Group 2015 $'000
Property, plant and equipment	98,514
Goodwill	–
	98,514

As at 31 December 2015, the recoverable amount of the HDD CGU was estimated based on its value in use. Value in use was determined by discounting the estimated pre-tax future cash flows to be generated from the continuing use of the CGU.

The Group prepared cash flow forecasts using various scenarios for the HDD CGU derived from the most recent financial budget for 2016 and financial forecasts for 2017 to 2025 approved by management. A forecast period of more than 5 years was used to reflect the effect of expected continued decline in revenue. The various scenarios were weighted using equal probability.

The key assumptions used for the value in use calculations in the various scenarios were revenue growth rate, gross profit margin, discount rate, terminal value growth rate and budgeted EBITDA growth rate. The key assumptions were as follows:

Revenue growth rate (range of next 10 years)	4.0% for 2016 and -1.3% to -5.8% from 2017 to 2025
Gross profit margin (range of next 10 years)	2.0% – 6.4%
Discount rate (pre-tax)	13.0%
Terminal value growth rate	0.0%
Budgeted EBITDA margin (range of next 10 years)	0.6% – 9.1%

Revenue growth rate

The revenue growth rates were based on management's assessment of future trends in the HDD industry and were based on both internal sources (historical data) and external sources including industry forecasts and key customers' long range forecasts.

Gross profit margin

The gross profit margins were based on internal sources (historical data). Changes in direct costs were based on past practices and expectation of future changes from the reorganisation of the HDD CGU.

Discount rate

The discount rate is a pre-tax measure based on the risk-free rate obtained from the yield on 10- year bonds issued by the government and in the same currency as the cash flows, adjusted for a risk premium to reflect the increased risk of investing in equities and the systemic risk of the HDD CGU.

6 Impairment testing for cash-generating unit ("CGU") containing goodwill and property, plant and equipment (Continued)

2015 (Continued)

Terminal value growth rate

10 years of cash flows were included in the discounted cash flow model. A long-term growth rate into perpetuity had been determined at 0%.

Budgeted EBITDA growth rate

Budgeted EBITDA was based on management's expectations of future outcomes taking into account past experience and expectation of future changes from the reorganisation of the HDD CGU.

Based on the above key assumptions, the recoverable amount was lower than the carrying amount of the goodwill and property, plant and equipment of HDD CGU as at 31 December 2015. The entire goodwill of $67,292,000 was fully impaired and included in "other expenses" in the consolidated income statement for the year ended 31 December 2015.

7 Subsidiaries

	Company	
	2016	**2015**
	$'000	**$'000**
Equity investments, at cost	**125,956**	155,001
Allowance for impairment losses	**(25,956)**	(500)
	100,000	154,501

Details of significant subsidiaries are as follows:

Name of subsidiary	Principal place of business	Country of incorporation	Ownership interest	
			2016	**2015**
			%	**%**
Held by the Company:				
Compart Asia Pte Ltd[(a)]	Singapore	Singapore	**100**	100
Broadway Packaging (HK) Co., Ltd	People's Republic of China	Hong Kong	**–***	100
Shanghai Broadway Packaging & Insulation Materials Co., Ltd[(b)]	People's Republic of China	People's Republic of China	**–***	96.47
Suzhou Broadway Plastic Packaging Co., Ltd	People's Republic of China	People's Republic of China	**–***	100

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2016

7 Subsidiaries (Continued)

Name of subsidiary	Principal place of business	Country of incorporation	Ownership interest 2016 %	Ownership interest 2015 %
Held by subsidiaries:				
Held by Compart Asia Pte Ltd:				
Compart Asia Pacific Ltd[c]	People's Republic of China	Republic of Mauritius	**100**	100
Compart Precision (Thailand) Co., Ltd[c]	Thailand	Thailand	**99.99**	99.99
Compart Engineering, Inc.	United States of America	United States of America	**100**	100
Compart Precision (Shenzhen) Co., Ltd	People's Republic of China	People's Republic of China	**–***	100
Compart Technologies (Shenzhen) Co., Ltd[b][d]	People's Republic of China	People's Republic of China	**100**	100
Compart Hi-Precision Technologies (Shenzhen) Co., Ltd[b]	People's Republic of China	People's Republic of China	**–^**	100
Compart Technologies (Huizhou) Co., Ltd[b][e]	People's Republic of China	People's Republic of China	**100**	100
Compart Precision Components Manufacturing (Wuxi) Co., Ltd[b][f]	People's Republic of China	People's Republic of China	**100**	100
Compart Technologies (Chongqing) Co., Ltd[b][g]	People's Republic of China	People's Republic of China	**100**	100
Compart Hi-Precision Technologies (Suzhou) Co., Ltd[h]	People's Republic of China	People's Republic of China	**100**	100
Held by Shanghai Broadway Packaging & Insulation Materials Co., Ltd:				
Wujiang Weltop Co., Ltd	People's Republic of China	People's Republic of China	**–***	96.47
Chongqing Broadway Foam Applications & Total Packaging Co., Ltd	People's Republic of China	People's Republic of China	**–***	96.47
Chengdu Broadway Foam Applications & Total Packaging Co., Ltd	People's Republic of China	People's Republic China	**–***	96.47
Held by Broadway Packaging (HK) Co., Ltd:				
Shenzhen Broadway Total Packaging Co., Ltd	People's Republic of China	People's Republic of China	**–***	100

7 Subsidiaries (Continued)

* These subsidiaries had been disposed on 30 December 2016 as part of the Group's disposal of its entire Foam Plastics Solutions and Flow Control Devices businesses ("Disposal Transaction") (see note 27).

^ As part of the Disposal Transaction, the Group entered into an option agreement with the purchaser of the Group's disposed businesses to re-acquire Compart Hi-Precision Technologies (Shenzhen) Co., Ltd within two years from the option agreement (see note 9).

(a) Audited by KPMG LLP, Singapore for statutory and consolidation purposes.

(b) Audited by other member firms of KPMG International for consolidation purpose.

(c) Audited by other member firms of KPMG International for statutory and consolidation purposes.

(d) Compart Technology (Shenzhen) Co., Ltd is a foreign enterprise established in the People's Republic of China on 8 September 2004 for a term of 50 years.

(e) Compart Technologies (Huizhou) Co., Ltd is a foreign enterprise established in the People's Republic of China on 28 February 2011 for a term of 50 years.

(f) Compart Precision Components Manufacturing (Wuxi) Co., Ltd is a foreign enterprise established in the People's Republic of China on 22 July 2005 for a term of 50 years.

(g) Compart Technologies (Chongqing) Co., Ltd is a foreign enterprise established in the People's Republic of China on 1 November 2010 for a term of 50 years.

(h) Compart Hi-Precision Technologies (Suzhou) Co., Ltd is a foreign enterprise established in the People's Republic of China on 1 November 2004 for a term of 50 years.

The Group does not have subsidiaries with material non-controlling interests.

The movement in the allowance for impairment loss in respect of investments in subsidiaries during the year was as follows:

	Company	
	2016	**2015**
	$'000	**$'000**
At 1 January	**500**	4,005
Amount written off	**–**	(3,505)
Impairment loss recognised	**25,456**	–
At 31 December	**25,956**	500

During the year ended 31 December 2015, an impairment loss of $3,505,000 was written off upon completion of the liquidation of a subsidiary.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

7 Subsidiaries (Continued)

Impairment loss

The Company assesses at each balance sheet date whether there is any objective evidence that the Company's investments in subsidiaries are impaired. This assessment takes into account the operating performance of the subsidiaries, changes in the technological, market, economic or legal environment in which the subsidiaries operate and changes to the market interest rates. Due to continued losses incurred by subsidiaries held by Compart Asia Pte Ltd in the remaining components businesses, management performed an assessment as at 31 December 2016 to determine the recoverable value of the investment in Compart Asia Pte Ltd. Based on this assessment, the Company's investment in a subsidiary has been impaired to its value in use and an impairment loss of $25,456,000 has been recognised in the Company's income statement. As at 31 December 2016, the recoverable amount of the Company's investment in a subsidiary is approximately $100,000,000.

The key assumptions for the value in use calculations are those regarding the discount rate, revenue growth rate, expected changes to selling prices and direct costs and terminal value. Management estimates discount rate using pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the subsidiary, Compart Asia Pte Ltd. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

Value in use was determined by discounting the future cash flows generated from the continuing use of the cash-generating unit at a pre-tax discount rate of 15.85%.

Management prepares cash flow forecasts for the hard disk drive component business based on revenue decline rate of 19% for 2017 and 4% to 8% from 2018 to 2021, derived from the most recent financial budgets approved by management. Gross profit margin of 2% and earnings before interest, tax, depreciation and amortisation ("EBITDA") margin at 2% to 3% were assumed throughout the forecast period.

Terminal value was computed based on the present value of the fair value of the property, plant and equipment less costs to sell at the end of 2021.

Following the impairment loss recognised on the Company's investment in a subsidiary, the recoverable amount was equal to the carrying amount. Therefore, any adverse change to any of the key assumptions would lead to further impairment.

8 Associates

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Interests in associates	–	3,020	–	2,198
Allowance for impairment losses	–	–	–	(2,100)
At 31 December	–	3,020	–	98

8 Associates (Continued)

Details of the significant associates are as follows:

Name of associate	Country of incorporation	Ownership interest 2016 %	Ownership interest 2015 %
Held by the Company:			
Toho Foam (Thailand) Company Limited	Thailand	–*	24.22
Held by subsidiaries:			
Held by Shanghai Broadway Packaging & Insulation Materials Co., Ltd:			
Shanghai Kiddy Children's Products Co., Ltd#	People's Republic of China	–	38.59
Kaefer Broadway Insulation Systems (Shanghai) Co., Ltd	People's Republic of China	–*	47.27
Held by Wujiang Weltop Co., Ltd:			
Wujiang Dairyu Broadway Plastic Packaging Co., Ltd	People's Republic of China	–*	47.27
Held by Compart Hi-Precision Technologies (Suzhou) Co., Ltd:			
Shanghai Kiddy Children's Products Co., Ltd#	People's Republic of China	**40.00**	–

* These associates had been disposed on 30 December 2016 as part of the Group's disposal of its entire Foam Plastics Solutions business (see note 27).

\# Audited by Shanghai Dong Qin Certified Public Accountants Co., Ltd., People's Republic of China.

Subsequent to the Company's disposal of Shanghai Broadway Packaging & Insulation Materials Co., Ltd (see note 27), Shanghai Kiddy Children's Products Co., Ltd is held by Compart Hi-Precision Technologies (Suzhou) Co., Ltd as at 31 December 2016.

The Group does not have associates that are material to the Group. The summarised financial information of the individually immaterial associates is not disclosed as the amounts are not significant.

9 Other receivables

	Group 2016 $'000	Group 2015 $'000
Non-current		
Deferred consideration:		
– Gross amount receivable	**14,000**	–
– Fair value change	**(1,118)**	–
Deferred consideration receivable, representing loans and receivables	**12,882**	–
Lease prepayment	**2,251**	–
	15,133	–

As part of the Disposal Transaction (note 27), the Group entered into an option agreement with the purchaser of the Group's disposed businesses (the "Purchaser") to re-acquire Compart Hi-Precision Technologies (Shenzhen) Co., Ltd within two years from the option agreement at a nominal consideration of $1. The Purchaser undertakes to the Group that Compart Hi-Precision Technologies (Shenzhen) Co., Ltd will, at the exercise of the option, have a minimum amount in Chinese Renminbi equivalent to S$14 million in cash in its bank account (with no other assets and liabilities).

During the year ended 31 December 2016, the Group entered into a long-term operating lease of office premise with a customer, as a result of the Group's restructuring of an outstanding debt from the customer. As at 31 December 2016, the lease prepayment is for Group's use of the leased office premise for a period of 17 years until 2033, commencing in 2016. The current portion of the lease prepayment is recorded under trade and other receivables (note 14) amounting to $134,000 as at 31 December 2016.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2016

10 Other investments

	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Non-current				
Available-for-sale unquoted equity securities	**–**	805	**–**	805
Transferable club memberships, at cost	**114**	114	**47**	47
	114	919	**47**	852

11 Financial derivatives

	Group Assets 2016 $'000	Group Assets 2015 $'000	Group Liabilities 2016 $'000	Group Liabilities 2015 $'000
Non-current				
Interest rate swap used for hedging	**–**	17	**–**	4
Current				
Forward exchange contracts	**575**	708	**1,975**	9,315
Interest rate swap used for hedging	**–**	41	**–**	290
	575	749	**1,975**	9,605
	575	766	**1,975**	9,609

12 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2016 $'000	Assets 2015 $'000	Liabilities 2016 $'000	Liabilities 2015 $'000
Group				
Property, plant and equipment	**–**	1,510	**–**	(203)

Movement in deferred tax balances during the year

	At 1 January 2015 $'000	Recognised in profit or loss $'000	Exchange differences $'000	At 31 December 2015 $'000	Recognised in profit or loss $'000	Exchange differences $'000	Disposal of subsidiaries (note 27) $'000	At 31 December 2016 $'000
Group								
Property, plant and equipment	13,100	(12,333)	540	1,307	82	(66)	(1,323)	–

12 Deferred tax assets and liabilities (Continued)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of tax losses of certain subsidiaries amounting to approximately $87,886,000 (2015: $66,674,000), of which $85,843,000 (2015: $64,631,000) will expire between 2017 and 2036 (2015: 2016 and 2035) as follows:

	Group	
	2016	**2015**
	$'000	**$'000**
Within one year	**4,986**	2,491
Between one and three years	**4,623**	10,845
Between three and five years	**57,547**	32,845
More than five years	**18,687**	18,450
	85,843	64,631

The remaining tax losses do not expire under current tax legislation.

These tax losses are subject to agreement by tax authorities and compliance with tax regulations in the respective countries in which certain subsidiaries operate. Deferred tax assets have not been recognised in respect of the tax losses because it is not probable that future taxable profit will be available in the relevant entities against which the Group can utilise the benefits therefrom.

13 Inventories

	Group	
	2016	**2015**
	$'000	**$'000**
Raw materials	**11,107**	27,721
Work-in-progress	**6,274**	16,094
Finished goods	**12,208**	39,052
Spare parts and others	**1,921**	6,558
	31,510	89,425

In 2016, raw materials, spare parts and others and changes in work-in-progress and finished goods recognised as cost of sales amounted to $335,462,000 (2015: $325,789,000).

During the year ended 31 December 2016, inventories of $5,474,000 (2015: Nil) were written down to net realisable value. The write-down of inventories is included in cost of sales.

Usage of raw materials and spare parts and others, changes in work-in-progress and finished goods are main components of the cost of sales shown in the consolidated income statement. Cost of sales also includes an allowance for inventory obsolescence which is provided such that assets are not carried in excess of the amounts to be realised from their sale or use. Estimates of net realisable value are based on the most reliable evidence available at the reporting date. These estimates take into consideration market demand, competition, selling price and event occurring after the end of the financial year to the extent that such events confirm conditions existing at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2016

14 Trade and other receivables

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Trade receivables	**48,891**	104,904	**–**	–
Allowance for impairment loss	**(14)**	(2,539)	**–**	–
	48,877	102,365	**–**	–
Deposits	**621**	3,117	**34**	101
Amounts due from subsidiaries (non-trade)	**–**	–	**–**	501
Amounts due from an associate:				
– trade	**–**	6,617	**–**	–
– non-trade	**–**	2,604	**–**	–
Amount due from a related party (trade)	**–**	1,960	**–**	–
Value-add tax receivables	**–**	2,038	**–**	–
Other receivables	**4,561**	3,576	**2,834**	–
Loans and receivables	**54,059**	122,277	**2,868**	602
Prepayments	**2,124**	6,492	**46**	138
	56,183	128,769	**2,914**	740

As at 31 December 2015, the amounts due from subsidiaries and a related party and trade amounts due from an associate were unsecured, interest-free and repayable on demand.

As at 31 December 2015, the non-trade amounts due from an associate were unsecured, bore interest at 5.6% per annum and were repayable on demand.

As at 31 December 2016, the Group's and the Company's other receivables comprise an amount of $2,784,000 due from the purchaser of the Group's disposed businesses arising from adjustments from net working capital, capital expenditure and net debt amounts, in relation to the Disposal Transaction (see note 27). The amount is due in 2017.

The Group's and the Company's exposure to credit and currency risks, and impairment losses related to trade and other receivables are disclosed in note 22.

15 Cash and cash equivalents

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Cash at bank and in hand	**145,225**	43,912	**91,554**	544
Fixed deposits with financial institutions	**10**	4,251	**5**	5
Cash and cash equivalents in the statement of financial position	**145,235**	48,163	**91,559**	549
Fixed deposits pledged	**(5)**	(5)		
Cash and cash equivalents in the consolidated statement of cash flows	**145,230**	48,158		

The weighted average effective interest rates per annum relating to cash and cash equivalents, at the reporting date for the Group and Company are 0.03% (2015: 1.50%) and 0.00% (2015: 0.0001%) respectively.

Fixed deposits with financial institutions have an average maturity of 12 months (2015: 12 months) from the end of the financial year.

15 Cash and cash equivalents (Continued)

Fixed deposits pledged represent bank balances of certain subsidiaries pledged as security to obtain credit facilities.

The use of certain subsidiaries' cash and cash equivalents of $5,000 (2015: $4,246,000) is for working capital purposes in accordance with the terms stipulated in the fixed deposits agreements entered by the subsidiaries with the bankers.

16 Assets held for sale

	Group	
	2016	2015
	$'000	$'000
Reclassification from property, plant and equipment	–	7,460

In 2015, management committed to a plan to sell the Group's land and building in Chengdu which were under construction-in-progress. Accordingly, they were reclassified from property, plant and equipment to assets held for sale as at 31 December 2015. Based on a Brokerage Opinion of Value report in 2015, the fair value of the land and building held for sale was determined to be in the range of $7,777,000 to $8,815,000. The fair value (classified under Level 2 of the fair value hierarchy) was determined by Beijing CBRE Property Management Service Limited Chengdu Branch based on market value, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

On 30 December 2016, the assets held for sale were substantially disposed as part of the Disposal Transaction (see note 27).

17 Share capital and reserves

Share capital

	Company	
	No. of shares	No. of shares
	2016	2015
	'000	'000
Ordinary shares		
In issue at 1 January and 31 December	**471,914**	471,914

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All rights attached to the Company's shares held by the Group are suspended until those shares are reissued. All shares rank equally with regard to the Company's residual assets.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2016

17 Share capital and reserves (Continued)

Reserves

All issued shares are fully paid, with no par value.

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Reserve for own shares	**(237)**	(333)	**(237)**	(333)
Capital reserve	**2,924**	2,924	**–**	–
Share option reserve	**542**	625	**542**	625
Asset revaluation reserve	**–**	870	**–**	–
Translation reserve	**(11,696)**	(7,189)	**–**	–
Hedging reserve	**–**	(79)	**–**	–
	(8,467)	(3,182)	**305**	292

Reserve for own shares

The reserve for the Company's own shares comprises the cost of the Company's shares held by the Group. At 31 December 2016, the Group held 1,030,150 (2015: 1,445,150) of the Company's shares.

Capital reserve

Capital reserve mainly arises from the restructuring of Compart Asia Pte Ltd and its subsidiaries in 2004.

Share option reserve

The share option reserve comprises the cumulative value of employee services received for the issue of share options. When options are exercised, the cumulative amount in the share option reserve which relates to the valuable consideration received in the form of employee services is transferred to share capital.

Asset revaluation reserve

The asset revaluation reserve relates to the revaluation of leasehold land and buildings.

Translation reserve

The translation reserve comprises foreign currency differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Company.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows affect profit or loss.

Retained earnings

Included in the Group's retained earnings is an amount of $2,938,000 (2015: $15,466,000) relating to statutory surplus reserve and $431,000 (2015: $431,000) relating to legal reserve.

17 Share capital and reserves (Continued)

Retained earnings (Continued)

According to the relevant People's Republic of China ("PRC") regulations, the subsidiaries in the PRC are required to transfer 10% of profit after taxation, as determined under Generally Accepted Accounting Principles of the PRC, to the statutory surplus reserve until the reserve balance reaches 50% of the entity's registered capital. The transfer to this reserve must be made before the distribution of dividends to equity owners. The statutory surplus reserve can be used to make good previous years' losses, if any, and may be converted into paid-in capital in proportion to the existing interests of equity owners.

According to Thailand's Civil and Commercial Code, the subsidiary in Thailand is required to allocate not less than 5% of its net profit to the legal reserve upon each dividend distribution, until the reserve balance reaches an amount not less than 10% of the subsidiary's registered share capital.

18 Loans and borrowings

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Non-current liabilities				
Secured bank loans	**13,974**	30,587	**–**	–
Current liabilities				
Secured bank loans	**85,110**	82,699	**–**	–
Unsecured bank loans	**2,000**	8,326	**2,000**	2,000
	87,110	91,025	**2,000**	2,000
	101,084	121,612	**2,000**	2,000

Information about the Group's and the Company's exposure to interest rate, foreign currency and liquidity risk is included in note 22.

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

	Nominal interest rate	Year of maturity	2016 Face value	2016 Carrying amount	2015 Face value	2015 Carrying amount
Group						
Secured bank loans (RMB)	5% – 5.65%	2016	**–**	**–**	1,638	1,638
Secured bank loans (USD)	2.95% – 4.50%	2017 – 2018	**44,896**	**44,896**	89,667	89,667
Secured bank loans (THB)	2.75% – 3.73%	2017	**54,188**	**54,188**	21,981	21,981
Unsecured bank loan (SGD)	4.30%	2017	**2,000**	**2,000**	2,000	2,000
Unsecured bank loans (RMB)	4.45% – 4.95%	2016	**–**	**–**	5,443	5,443
Unsecured bank loans (USD)	2.64% – 2.86%	2016	**–**	**–**	883	883
			101,084	**101,084**	121,612	121,612
Company						
Unsecured bank loan (SGD)	4.30%	2017	**2,000**	**2,000**	2,000	2,000

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2016

18 Loans and borrowings (Continued)

Terms and debt repayment schedule (Continued)

Secured bank loans of the Group amounting to $99,084,000 (2015: $113,286,000) are secured by legal charges over the Group's leasehold land and buildings with a carrying amount of $2,623,000 (2015: $2,728,000) (see note 4) and guarantees issued by certain subsidiaries.

19 Share-based payment arrangements

Description of the share-based payment arrangements

At 31 December 2016, the Group has the following share-based payment arrangements:

Share option programme (equity-settled)

The Broadway Industrial Group Limited Share Option Scheme 2001 (the "Scheme") of the Company was approved and adopted by its members at an Extraordinary General Meeting held on 8 November 2001. In accordance with the Scheme, market price options are exercisable at the average market price of the shares three days preceding the date of grant and incentive options are exercisable at a discount not exceeding 20% of the market price at the time of grant. The Scheme expired on 7 November 2011.

Terms and conditions of share option programme

The key terms and conditions relating to the grants of the share option programme are as tabled below. All options are to be settled by physical delivery of shares.

Grant date	Number of instruments 2016	Number of instruments 2015	Vesting conditions	Contractual life of options
Options granted to employees on:				
– 6 March 2009	**16,000**	16,000	1 year's service	10 years
– 2 June 2009	**200,000**	200,000	2 years' service	10 years
– 3 March 2010	**720,000**	720,000	1 year's service	10 years
– 11 May 2010	**200,000**	200,000	1 year's service	10 years
– 10 May 2011	**200,000**	200,000	1 year's service	10 years
	1,336,000	1,336,000		
Options granted to non-executive directors on:				
– 4 March 2011	**–**	200,000	1 year's service	5 years
Total share options	**1,336,000**	1,536,000		

19 Share-based payment arrangements (Continued)

Description of the share-based payment arrangements (Continued)

Share option programme (equity-settled) (Continued)

Disclosure of share option programme

The number and weighted average exercise prices of share options are as follows:

	Weighted average exercise price 2016 $	Number of options 2016	Weighted average exercise price 2015 $	Number of options 2015
Outstanding at 1 January	**0.43**	**1,536,000**	0.44	1,736,000
Forfeited during the year	**0.50**	**(200,000)**	0.45	(200,000)
Outstanding at 31 December	**0.43**	**1,336,000**	0.43	1,536,000
Exercisable at 31 December	**0.43**	**1,336,000**	0.43	1,536,000

The options outstanding at 31 December 2016 have an exercise price in the range of $0.07 to $0.565 (2015: $0.07 to $0.565) and a weighted average remaining contractual life of 3.38 years (2015: 3.76 years).

No options were exercised in 2016 and 2015.

Inputs for measurement of fair values

The fair value of the employee share options was measured based on the Trinomial Option Pricing model. The inputs used in the measurement of the fair values at grant date of the equity-settled share option programme were as follows:

	6 March 2009	2 June 2009	3 March 2010	11 May 2010	10 May 2011
Fair value at grant date	$0.08	$0.25	$0.29	$0.44	$0.19
Share price at grant date	$0.15	$0.35	$0.86	$1.13	$1.01
Exercise price*	$0.14	$0.28	$0.90	$1.13	$1.02
Expected volatility (weighted average)	113%	126%	54%	57%	29%
Option life (expected weighted)	5 years	5 years	5 years	5 years	5 years
Expected dividends	3%	3%	3%	3%	4%
Risk-free interest rate (based on government bonds)	1.05%	1.35%	1.30%	1.05%	1.10%

* Not adjusted for one-for-one bonus share issue in 2011.

Expected volatility is estimated by considering historic average share price volatility.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2016

19 Share-based payment arrangements (Continued)

Description of the share-based payment arrangements (Continued)

Share Plan (equity-settled)

The Broadway Industrial Group Limited Share Plan (the "Plan") of the Company was approved and adopted by its members at an Extraordinary General Meeting held on 28 July 2010.

Awards will be released to participants as fully paid shares upon expiry of the prescribed vesting periods or retention periods and subject to conditions prescribed in the Plan. The actual number of shares awarded will depend on the achievement of set targets over a four-year period. This will be determined by the Remuneration Committee at the end of the qualifying performance period and released to the recipient over a four-year vesting period in the ratio of 0%, 25%, 25% and 50% consecutively.

Employees of the Group and/or associated companies shall be eligible to participate in the Plan subject to the absolute discretion of the Remuneration Committee. Non-executive directors of the Group and associated companies, controlling shareholders and their associates will not be eligible to participate in the Plan.

The details of the awards granted under the Plan are as follows:

Date of grant of share awards	Fair value at grant date	Share awards granted and not released at 1 January 2016	Share awards granted during the financial year ended 31 December 2016	Share awards vested during the financial year ended 31 December 2016	Share awards forfeited during the financial year ended 31 December 2016	Share awards granted and not released at 31 December 2016
4 April 2012	$0.445	50,000	–	(50,000)	–	–
4 May 2012	$0.415	77,500	–	(77,500)	–	–
4 June 2012	$0.330	110,000	–	(110,000)	–	–
18 July 2012	$0.350	15,000	–	(15,000)	–	–
4 April 2013	$0.330	165,000	–	(51,250)	(56,250)	57,500
4 June 2013	$0.305	90,000	–	(30,000)	–	60,000
4 May 2014	$0.270	135,000	–	(33,750)	(22,500)	78,750
4 June 2014	$0.275	200,000	–	(47,500)	(43,750)	108,750
4 April 2015	$0.178	220,000	–	–	–	220,000
4 May 2015	$0.205	160,000	–	–	(60,000)	100,000
4 June 2015	$0.225	140,000	–	–	(20,000)	120,000
4 April 2016	$0.138	–	220,000	–	(20,000)	200,000
4 May 2016	$0.136	–	210,000	–	–	210,000
4 June 2016	$0.132	–	180,000	–	(20,000)	160,000
		1,362,500	610,000	(415,000)	(242,500)	1,315,000

The measurement of the fair values at grant date of the share plan is based on the Company's share price at grant date.

The weighted average fair value of share awards at 31 December 2016 was $0.212 (2015: $0.293).

The aggregate number of shares available under the Scheme, the Plan and any other applicable share-based schemes shall not exceed 15% of the Company's total issued shares (excluding treasury shares).

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

20 Trade and other payables

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Trade payables	**75,271**	119,444	**–**	–
Fees payable to directors of the Company	**615**	440	**615**	440
Other payables	**5,336**	15,557	**85**	111
Amounts due to subsidiaries (non-trade)	**–**	–	**13,722**	6,592
Payables for purchase of property, plant and equipment	**1,671**	1,645	**–**	–
Accrued expenses	**20,945**	19,416	**9,860**	417
	103,838	156,502	**24,282**	7,560

The amounts due to subsidiaries are unsecured, interest-free and repayable on demand.

As at 31 December 2016, the Group's and the Company's accrued expenses comprise an amount of $6,609,000 and $1,667,000 accrued in relation to the Disposal Transaction (see note 27) on the capital gain tax on disposal of discontinued operations and transaction costs respectively.

The Group's and the Company's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 22.

21 Provisions

	Provision for restructuring and termination benefits (Current) $'000	Provisions for financial guarantees (Non-current) $'000	Total $'000
Group			
At 1 January 2015	–	–	–
Provision made during the year	5,086	–	5,086
Provision utilised during the year	(952)	–	(952)
Exchange differences	107	–	107
At 31 December 2015 and 1 January 2016	4,241	–	4,241
Provision made during the year	4,085	4,250	8,335
Provision utilised during the year	(8,236)	–	(8,236)
Exchange differences	(90)	–	(90)
At 31 December 2016	–	4,250	4,250
Company			
At 1 January 2015, 31 December 2015 and 1 January 2016	–	–	–
Provision made during the year	–	4,250	4,250
At 31 December 2016	–	4,250	4,250

During 2015, the Group committed to a plan to restructure its hard disk drive and precision engineering solutions business due to deteriorated operational circumstances. Following the announcement of the plan, the Group recognised a provision for expected restructuring costs mainly relating to employee termination costs. The restructuring was substantially completed in 2016.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2016

21 Provisions (Continued)

The Company provides intra-group financial guarantees comprising of corporate guarantees granted to banks in respect of banking facilities amounting to $98,437,000 (2015: $127,877,000) provided to its subsidiaries. The financial guarantees will expire when the loans have been paid and discharged and/or when the banking facilities are no longer available to the subsidiaries. As at the reporting date, the Company assessed that no liabilities in respect of financial guarantee contracts provided to banks is required to be provided, as it does not expect claims will be made against the Company in respect of these obligations.

The Group and the Company also provide financial guarantee to an external party. This financial guarantee will expire on 31 December 2019. For this financial guarantee, the Company has set up a liability amounting to $4,250,000 for the obligation under the contract.

The principal risk to which the Group and the Company is exposed is the credit risk in connection with the financial guarantee contracts it issued. The credit risk represents the loss that would be recognised by the Group and the Company upon a default by the subsidiaries or non-receipt of the receivables to which the financial guarantees were given for the benefit of.

The determination of the estimates of the Group's and the Company's obligation arising from the financial guarantee contracts provided are dependent on assumptions made by the management of the Company. These estimates are reviewed and adjusted (if necessary) each year in order to establish contract liabilities which reflect best estimate assumptions. The Company determines assumptions in relation to the probability that it will have to fulfil its obligations under the financial guarantee contracts and the potential amount it has to pay to the holders of the financial guarantee contracts when the obligations crystallised.

For the financial guarantee contracts granted to banks, the assumptions are based on the Company's prior experience with providing such guarantees and assessment of the subsidiaries' abilities to repay the banking facilities drawn down. The assumptions for the financial guarantee provided to an external party are determined based on the Company's prior experience with the collection of the receivables.

There are no terms and conditions attached to the financial guarantee contracts that would have a material effect on the amount, timing and uncertainty of the Group's and the Company's future cash flows.

Estimates of the Group's and the Company's obligation arising from the financial guarantee contracts may be affected by future events, which cannot be predicted with certainty. The assumptions made may vary from actual experience and the actual liability may vary considerably from the best estimates.

22 Financial instruments

Overview

The Group has exposure to the following risks from financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

22 Financial instruments (Continued)

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's other non-current receivables, trade and other receivables and cash and cash equivalents, and the guarantee contracts which the Group and the Company had issued.

The carrying amount of financial assets in the statement of financial position represents the Group's and the Company's respective maximum exposure to credit risk, before taking into account any collateral held. The Group and the Company do not hold any collateral in respect of its financial assets.

Financial guarantees

The credit risk under financial guarantee contracts represents the loss that would be recognised upon a default by the parties to which the guarantees were given on behalf of.

Financial guarantees are provided on the Company's subsidiaries, and an associate.

Risk management policy

The Company's exposure to credit risk under financial guarantee contracts granted to banks is influenced mainly by its subsidiaries' ability to repay the banking facilities drawn down. The Company monitors the financials of the subsidiaries regularly to ensure that adequate provisions are made for its obligation. For the financial guarantee provided to an external party, the Group and the Company monitor the repayment of the receivables under the guarantee and actively follow up on the repayment status to reduce the potential credit exposure.

Exposure to credit risk

The maximum exposure to credit risk from financial guarantee contracts at the reporting date were:

	Group Exposure amount		Company Exposure amount	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Financial guarantee provided to an external party	8,500	–	8,500	–

Except for the financial guarantees given by the Group and the Company (see note 21), the Group and the Company do not provide any other guarantees which would expose the Group or the Company to credit risk.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

22 Financial instruments (Continued)

Credit risk (Continued)

Trade and other receivables

Risk management policy

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. The Group's business is highly reliant on a few major customers and their affiliated companies. Sales to these customers account for a majority of the Group's total revenue. During 2016, approximately 44% (2015: 40%) of the Group's revenue is attributable to sale transactions with one major customer.

The Group has policies in place to ensure sales of products are made to customers with an appropriate credit history and monitors their balances on an ongoing basis. The Group does not require collateral in respect of trade and other receivables.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

Exposure to credit risk

The maximum exposure to credit risk for loans and receivables at the reporting date by business segment of counterparty was:

	Group Carrying amount		Company Carrying amount	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
Foam plastics	**–**	80,852	**–**	–
Components*	**51,190**	41,324	**–**	–
Others^	**15,751**	101	**2,868**	602
	66,941	122,277	**2,868**	602

* Components comprise Hard Disk Drive and Precision Engineering Solutions.

^ Loans and receivables as at 31 December 2016 under the "Others" category mainly relate to amounts receivable from the purchaser of the Group's disposed businesses (see note 27).

The Group's most significant customer, components manufacturers, account for $34,920,000 (2015: $7,065,000) of the Group's trade receivables as at 31 December 2016.

22 Financial instruments (Continued)

Credit risk (Continued)

Trade and other receivables (Continued)

Impairment

The ageing of loans and receivables that were not impaired at the reporting date was:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Not past due	**66,469**	94,157	**2,868**	265
Past due 1 – 30 days	**359**	9,021	**–**	–
Past due 31 – 120 days	**50**	10,254	**–**	294
Past due more than 120 days	**63**	8,845	**–**	43
	66,941	122,277	**2,868**	602

The Group and the Company believe that the unimpaired amounts that are past due are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk.

The movement in the allowance for impairment in respect of loans and receivables during the year was as follows:

	Group	
	2016	**2015**
	$'000	**$'000**
At 1 January	**2,539**	2,895
Disposal of subsidiaries	**(899)**	–
Amounts written off	**(1,626)**	(356)
At 31 December	**14**	2,539

Based on the Group's monitoring of customer credit risk, the Group believes that, apart from the above, no additional impairment allowance is necessary in respect of loans and receivables.

The allowance account in respect of loans and receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point, the amounts are considered irrecoverable and are written off against the financial asset directly. At 31 December 2016, the Group and the Company does not have any collective impairment on its loans and receivables (2015: $Nil).

Cash and cash equivalents

The Group and the Company held cash and cash equivalents of $145,235,000 (2015: $48,163,000) and $91,559,000 (2015: $549,000) respectively at 31 December 2016, which represent their maximum credit exposure on these assets. The cash and cash equivalents are held with bank and financial institution counterparties which are rated Aa1 to Baa2, based on Moody's ratings.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2016

22 Financial instruments (Continued)

Liquidity risk

Risk management policy

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

As at 31 December 2016, the Group maintains $20,156,000 (2015: $51,700,000) of uncommitted credit facilities that can be drawn down to meet short-term financing needs. The Group has contractual commitments to purchase property, plant and equipment (see note 31).

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities and financial guarantee contracts. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements:

		Cash flows			
	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	Between 1 to 5 years $'000	More than 5 years $'000
Group					
2016					
Non-derivative financial liabilities					
Variable interest rate bank loans	**28,764**	**(29,802)**	**(15,392)**	**(14,410)**	**–**
Fixed interest rate bank loans	**72,320**	**(72,495)**	**(72,495)**	**–**	**–**
Trade and other payables	**103,838**	**(103,838)**	**(103,838)**	**–**	**–**
	204,922	**(206,135)**	**(191,725)**	**(14,410)**	**–**
Derivative financial instruments					
Forward exchange contracts (net-settled)	**1,400**	**(1,400)**	**(1,400)**	**–**	**–**
Financial guarantee contracts	**4,250**	**(4,250)**	**–**	**(4,250)**	**–**
	210,572	**(211,785)**	**(193,125)**	**(18,660)**	**–**

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

22 Financial instruments (Continued)

Liquidity risk (Continued)

Exposure to liquidity risk (Continued)

	Carrying amount $'000	Cash flows: Contractual cash flows $'000	Within 1 year $'000	Between 1 to 5 years $'000	More than 5 years $'000
Group					
2015					
Non-derivative financial liabilities					
Variable interest rate bank loans	58,427	(63,715)	(29,260)	(34,455)	–
Fixed interest rate bank loans	63,185	(63,796)	(63,796)	–	–
Trade and other payables	156,502	(156,502)	(156,502)	–	–
	278,114	(284,013)	(249,558)	(34,455)	–
Derivative financial instruments					
Forward exchange contracts (net-settled)	8,607	(8,607)	(8,607)	–	–
Interest rate swap used for hedging (net-settled)	236	(236)	(249)	13	–
	8,843	(8,843)	(8,856)	13	–
Provision for restructuring and termination benefits	4,241	(4,241)	(4,241)	–	–
	291,198	(297,097)	(262,655)	(34,442)	–
Company					
2016					
Non-derivative financial liabilities					
Fixed interest rate bank loan	**2,000**	**(2,010)**	**(2,010)**	**–**	**–**
Trade and other payables	**24,282**	**(24,282)**	**(24,282)**	**–**	**–**
	26,282	**(26,292)**	**(26,292)**	**–**	**–**
Financial guarantee contracts	**4,250**	**(4,250)**	**–**	**(4,250)**	
	30,532	**(30,542)**	**(26,292)**	**(4,250)**	**–**
2015					
Non-derivative financial liabilities					
Fixed interest rate bank loan	2,000	(2,009)	(2,009)	–	–
Trade and other payables	7,560	(7,560)	(7,560)	–	–
	9,560	(9,569)	(9,569)	–	–

The maturity analyses show the contractual undiscounted cash flows of the Group's and the Company's financial liabilities and financial guarantee contracts on the basis of their earliest possible contractual maturity. The cash inflows/(outflows) disclosed are usually not closed out prior to contractual maturity.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2016

22 Financial instruments (Continued)

Liquidity risk (Continued)

Exposure to liquidity risk (Continued)

For derivative financial instruments, the cash inflows/(outflows) represent the contractual undiscounted cash flows relating to these instruments. The disclosure shows net cash flow amounts for derivatives that are net-settled. Net-settled derivative financial assets are included in the maturity analyses as they are held to manage the cash flow variability.

The interest payments on variable interest rate bank loans in the table above reflect market forward interest rates at the period end and these amounts may change as market interest rates change. The future cash flows on derivative instruments may be different from the amount in the above table as interests and exchange rates change. Except for these financial liabilities and the cash flow arising from the financial guarantee contracts, it is not expected that the cash flows included in the maturity analysis above could occur significantly earlier, or at significantly different amounts.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group buys and sells derivatives, and also incurs financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines approved by the Board of Directors.

Currency risk

Risk management policy

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies in which these transactions primarily are denominated are Singapore dollar, United States ("US") dollar, Chinese Renminbi and Thailand ("Thai") Baht.

The Group uses forward exchange contracts, with a maximum tenor of 24 months. The Group does not apply hedge accounting.

Interest on borrowings is denominated in the currency of the borrowing. Generally borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Group, primarily US dollar and Chinese Renminbi. This provides an economic hedge without derivatives being entered into and therefore hedge accounting is not applied in these circumstances.

22 Financial instruments (Continued)

Market risk (Continued)

Currency risk (Continued)

Exposure to currency risk

The summary of quantitative data about the Group's exposure to currency risk as provided to the management of the Group is as follows:

	Singapore dollar $'000	US dollar $'000	Chinese Renminbi $'000	Thai Baht $'000
Group				
31 December 2016				
Other receivables (non-current)	**12,882**	**–**	**–**	**–**
Trade and other receivables	**–**	**–**	**6,079**	**3,814**
Cash and cash equivalents	**35,881**	**356**	**1,758**	**9,972**
Loans and borrowings	**–**	**–**	**–**	**(36,612)**
Trade and other payables	**(14)**	**–**	**(29,534)**	**(32,596)**
Net statement of financial position exposure	**48,749**	**356**	**(21,697)**	**(55,422)**
Forward exchange contracts	**–**	**–**	**(1,400)**	**–**
Net exposure	**48,749**	**356**	**(23,097)**	**(55,422)**
31 December 2015				
Trade and other receivables	–	34,787	17,077	3,949
Cash and cash equivalents	384	5,354	9,434	4,506
Loans and borrowings	–	(10,707)	–	(21,981)
Trade and other payables	(2)	(14,763)	(32,961)	(35,511)
Net statement of financial position exposure	382	14,671	(6,450)	(49,037)
Forward exchange contracts	–	–	(8,843)	–
Net exposure	382	14,671	(15,293)	(49,037)

	US dollar $'000	Chinese Renminbi $'000
Company		
31 December 2016		
Trade and other payables	**(7,410)**	**(6,609)**
31 December 2015		
Trade and other payables	(447)	–

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

22 Financial instruments (Continued)

Market risk (Continued)

Currency risk (Continued)

Sensitivity analysis

A 10% strengthening of the functional currencies of the Company and its subsidiaries against the Singapore dollar, US dollar, Chinese Renminbi and Thai Baht at 31 December would have increased/(decreased) profit before tax by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases. The analysis is performed on the same basis for 2015, as indicated below:

	Group Profit before tax $'000	Company Profit before tax $'000
31 December 2016		
Singapore dollar	**(4,875)**	**–**
US dollar	**(36)**	**741**
Chinese Renminbi	**2,310**	**661**
Thai Baht	**5,542**	**–**
31 December 2015		
Singapore dollar	(38)	–
US dollar	(1,467)	45
Chinese Renminbi	1,513	–
Thai Baht	4,904	–

A 10% weakening of the functional currencies of the Company and its subsidiaries against the above currencies at 31 December would have had the equal but opposite effect on the Group's and the Company's profit before tax to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

The Group manages its interest rate risk exposure by entering into both fixed-rate and variable-rate instruments and using interest rate swaps as hedges of the variability in cash flows attributable to interest rate risk.

22 Financial instruments (Continued)

Market risk (Continued)

Interest rate risk (Continued)

Exposure to interest rate risk

At the reporting date, the interest rate profile of the interest-bearing financial instruments was as follows:

	Group Nominal amount		Company Nominal amount	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Fixed rate instruments				
Financial assets	**10**	4,251	**5**	5
Financial liabilities	**(72,320)**	(63,185)	**(2,000)**	(2,000)
Effect of interest rate swaps	**–**	(79,253)	**–**	–
	(72,310)	(138,187)	**(1,995)**	(1,995)
Variable rate instruments				
Financial assets	**145,225**	43,912	**91,554**	544
Financial liabilities	**(28,764)**	(58,427)	**–**	–
Effect of interest rate swaps	**–**	79,253	**–**	–
	116,461	64,738	**91,554**	544

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instrument

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit before tax and equity by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2015.

	Profit before tax		Equity	
	100 bp increase $'000	100 bp decrease $'000	100 bp increase $'000	100 bp decrease $'000
Group				
31 December 2016				
Variable rate instruments	**1,165**	**(1,165)**	**–**	**–**
31 December 2015				
Variable rate instruments	(145)	145	–	–
Interest rate swaps	290	(792)	76	(303)
Cash flow sensitivity (net)	145	(647)	76	(303)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2016

22 Financial instruments (Continued)

Market risk (Continued)

Interest rate risk (Continued)

Cash flow sensitivity analysis for variable rate instrument (Continued)

	Profit before tax		Equity	
	100 bp increase $'000	100 bp decrease $'000	100 bp increase $'000	100 bp decrease $'000
Company				
31 December 2016				
Variable rate instruments	**916**	**(916)**	**–**	**–**
31 December 2015				
Variable rate instruments	5	(5)	–	–

Capital management

The Board's policy is to maintain a sound capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of total equity, less amounts accumulated in equity related to cash flow hedges. The Board of Directors monitors the average return on capital, which the Group defines as net operating income divided by total average shareholders' equity excluding non-controlling interests. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company has a mandate to issue shares to employees of the Group of up to 15% of the Company's ordinary shares (excluding treasury shares held). At present, employees hold 1.5% of ordinary shares, or just under 2.1% assuming that all outstanding share options and share awards vest and/or are exercised.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

From time to time, the Group purchases its own shares on the market; the timing of these purchases depends on market prices. The shares are primarily intended to be used for issuing shares under the Group's share option and share award programmes.

There were no changes in the Group's approach to capital management during the year.

The Company and certain of its subsidiaries are subject to externally imposed capital requirements as required by law and financial loan covenant clauses. The Group have complied with the requirements during the year.

Accounting classifications and fair values

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2016

22 Financial instruments (Continued)

Accounting classifications and fair values (Continued)

	Note	Carrying amount				Fair value
		Loans and receivables $'000	Fair value - hedging instruments $'000	Other financial liabilities $'000	Total $'000	Level 2 $'000
Group						
31 December 2016						
Financial assets measured at fair value						
Other receivables (non-current)	9	12,882	–	–	12,882	12,882
Financial derivative assets	11	–	575	–	575	575
		12,882	575	–	13,457	
Financial assets not measured at fair value						
Trade and other receivables	14	54,059	–	–	54,095	
Cash and cash equivalents	15	145,235	–	–	145,235	
		199,294	–	–	199,294	
Financial liabilities measured at fair value						
Financial derivative liabilities	11	–	(1,975)	–	(1,975)	(1,975)
Financial liabilities not measured at fair value						
Bank loans	18	–	–	(101,084)	(101,084)	
Trade and other payables	20	–	–	(103,838)	(103,838)	
		–	–	(204,922)	(204,922)	

	Note	Carrying amount					Fair value
		Loans and receivables $'000	Available for-sale $'000	Fair value – hedging instruments $'000	Other financial liabilities $'000	Total $'000	Level 2 $'000
Group							
31 December 2015							
Financial assets measured at fair value							
Available-for-sale equity securities	10	–	805	–	–	805	805
Financial derivative assets	11	–	–	766	–	766	766
		–	805	766	–	1,571	
Financial assets not measured at fair value							
Trade and other receivables	14	122,277	–	–	–	122,277	
Cash and cash equivalents	15	48,163	–	–	–	48,163	
		170,440	–	–	–	170,440	
Financial liabilities measured at fair value							
Financial derivative liabilities	11	–	–	(9,609)	–	(9,609)	(9,609)
Financial liabilities not measured at fair value							
Bank loans	18	–	–	–	(121,612)	(121,612)	
Trade and other payables	20	–	–	–	(156,502)	(156,502)	
		–	–	–	(278,114)	(278,114)	

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2016

22 Financial instruments (Continued)

Accounting classifications and fair values (Continued)

	Note	Carrying amount: Loans and receivables $'000	Carrying amount: Available for sale $'000	Carrying amount: Other financial liabilities $'000	Carrying amount: Total $'000	Fair value: Level 2 $'000
Company						
31 December 2016						
Financial assets not measured at fair value						
Trade and other receivables	14	**2,868**	**–**	**–**	**2,868**	
Cash and cash equivalents	15	**91,559**	**–**	**–**	**91,559**	
		94,427	**–**	**–**	**94,427**	
Financial liabilities not measured at fair value						
Bank loans	18	**–**	**–**	**(2,000)**	**(2,000)**	
Trade and other payables	20	**–**	**–**	**(24,828)**	**(24,828)**	
		–	**–**	**(26,282)**	**(26,282)**	
31 December 2015						
Financial assets measured at fair value						
Available-for-sale equity securities	10	–	805	–	805	805
Financial assets not measured at fair value						
Trade and other receivables	14	602	–	–	602	
Cash and cash equivalents	15	549	–	–	549	
		1,151	–	–	1,151	
Financial liabilities not measured at fair value						
Bank loans	18	–	–	(2,000)	(2,000)	
Trade and other payables	20	–	–	(7,560)	(7,560)	
		–	–	(9,560)	(9,560)	

Discounted cash flows valuation technique is used in measuring Level 2 fair value of deferred consideration receivable. The valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate of 4.25%.

Market comparison valuation technique is used in measuring Level 2 fair values of financial derivatives. The fair values are based on brokers' quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.

There were no transfer of the Group's and the Company's financial assets and financial liabilities to/from other levels during the year.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

23 Revenue

	Continuing operations		Discontinued operations		Consolidated	
	2016	2015	2016	2015	2016	2015
	$'000	$'000	$'000	$'000	$'000	$'000
Group						
Sale of goods	**373,700**	402,571	**244,603**	248,107	**618,303**	650,678

24 Finance income and finance costs

	Group	
	2016	2015
	$'000	$'000
Interest income on:		
– fixed deposits	**55**	103
– interest accretion	**817**	–
– amounts due from an associate	**267**	185
– cash at bank	**552**	575
Finance income	**1,691**	863
Interest expense:		
– bank loans	**(4,961)**	(5,577)
– discounting charges/service fees to banks	**(661)**	(837)
– others	**(1,128)**	(606)
Finance costs	**(6,750)**	(7,020)
Net finance costs recognised in profit or loss	**(5,059)**	(6,157)

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

25 Profit/(Loss) for the year

The following items have been included in arriving at profit/(loss) for the year:

	Note	Group 2016 $'000	Group 2015 $'000
Audit fees to:			
– auditors of the Company		**615**	538
– other auditors		**154**	120
Non-audit fees to auditors of the Company		**–**	63
(Gain)/Loss on disposal of property, plant and equipment		**(443)**	904
Impairment loss on available-for-sale equity securities		**805**	–
Fair value (gain)/loss on financial derivatives		**(7,085)**	2,805
Fair value change in trade receivables		**(347)**	4,295
Fair value change in deferred consideration receivables		**1,118**	–
Foreign exchange loss/(gain)		**8,887**	(1,794)
Operating lease expense		**9,209**	9,877
Depreciation expense	4	**37,012**	39,752
Employee benefits expense (see below)		**129,380**	166,744
Directors' fees		**455**	440
Impairment loss on goodwill	6	**–**	67,292
Restructuring costs		**4,757**	2,532
Property, plant and equipment written off	4	**9,909**	–
Termination benefits	21	**4,085**	5,086
Provision for financial guarantees	21	**(4,250)**	–
Government grants		**(2,993)**	(758)
Inventories written down	13	**5,474**	–
Gain on disposal of discontinued operations	27	**(21,211)**	–
Employee benefits expense			
Salaries, bonuses and other costs		**113,648**	149,512
Contributions to defined contribution plans		**15,671**	17,130
Equity-settled share-based payment transactions		**61**	102
		129,380	166,744

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2016

26 Tax expense

	Group 2016 $'000	Group 2015 $'000 Restated*
Tax recognised in profit or loss		
Current tax expense/(credit)		
Current year	**1,089**	(90)
Under/(Over) provided in prior years	**1,844**	(4,067)
	2,933	(4,157)
Deferred tax (credit)/expense		
Origination and reversal of temporary differences	**–**	12,354
Tax expense on continuing operations	**2,933**	8,197
Reconciliation of effective tax rate		
Loss before tax from continuing operations	**(46,657)**	(98,529)
Tax using Singapore tax rate of 17% (2015: 17%)	**(7,932)**	(16,750)
Effect of different tax rates in foreign jurisdictions	**(4,440)**	782
Non-deductible expenses	**5,994**	12,679
Income not subject to tax	**(1,298)**	(63)
Income taxed at preferential tax rate outside Singapore	**(2,243)**	–
Current year losses for which no deferred tax asset was recognised	**11,059**	3,544
Recognition of tax effect of previously unrecognised tax losses	**(24)**	(251)
Under/(Over) provided in prior years	**1,844**	(4,067)
Derecognition of deferred tax assets previously recognised	**–**	12,329
Others	**(27)**	(6)
	2,933	8,197

* See note 27.

Tax sparing credits are available to a subsidiary incorporated in Mauritius, Compart Asia Pacific Ltd, whereby the subsidiary is entitled to a deemed credit of 80% of the tax on its foreign source income.

A subsidiary in Thailand, Compart Precision (Thailand) Co., Ltd is under tax holiday in accordance with the provisions of the Industrial Investment Promotion Act of B.E. 2520 that grants exemption from payment of corporate income tax for a period of seven years from the date on which the income is first derived from the promoted business. The exemption was subsequently renewed in 2009. The tax holiday expires in 2017.

Tax expense on continuing operations excludes the tax expense from discontinued operations of $2,979,000 (2015: $3,339,000) and tax expense on the gain on disposal of discontinued operations of $6,609,000 (2015: Nil).

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2016

27 Discontinued operations

On 30 December 2016, the Group disposed its entire Foam Plastics Solutions and Flow Control Devices businesses ("Disposal Transaction"). The Flow Control Devices business was part of the Component – Precision Engineering Solutions segment (see note 29). The segments were not previously presented as discontinued operations as at 31 December 2015 and thus the comparative consolidated income statement has been re-presented to show the discontinued operations separately from continuing operations. Management entered into the Disposal Transaction following a strategic decision to unlock value for the Company's shareholders and to provide its continuing businesses an additional source of funds to repay existing bank loans and future working capital requirements.

The disposed businesses mainly comprised of the following:

(a) 100% of equity interest in Broadway Packaging (HK) Co., Ltd;

(b) 96.47% of equity interest in Shanghai Broadway Packaging & Insulation Materials Co., Ltd;

(c) 100% of equity interest in Suzhou Broadway Plastic Packaging Co., Ltd;

(d) 100% of equity interest in Compart Precision (Shenzhen) Co., Ltd;

(e) 100% of equity interest in Compart Hi-Precision Technologies (Shenzhen) Co., Ltd;

(f) 96.47% of equity interest in Wujiang Weltop Co., Ltd;

(g) 96.47% of equity interest in Chongqing Broadway Foam Applications & Total Packaging Co., Ltd;

(h) 96.47% of equity interest in Chengdu Broadway Foam Applications & Total Packaging Co., Ltd;

(i) 100% of equity interest in Shenzhen Broadway Total Packaging Co., Ltd;

(j) 24.22% of equity interest in Toho Foam (Thailand) Company Limited;

(k) 47.27% of equity interest in Kaefer Broadway Insulation Systems (Shanghai) Co., Ltd;

(l) 47.27% of equity interest in Wujiang Dairyu Broadway Plastic Packaging Co., Ltd;

(m) receivables, payables and inventories held by Compart Asia Pacific Ltd in respect of the Flow Control Devices business; and

(n) certain contracts relating to the Foam Plastics Solutions and Flow Control Devices businesses.

27 Discontinued operations (Continued)

Cash flows from/(used in) discontinued operations

	Group	
	2016	**2015**
	$'000	**$'000**
Net cash from operating activities	**28,217**	17,111
Net cash used in investing activities	**(5,684)**	(4,528)
Net cash used in financing activities	**(28,589)**	(7,294)
Net cash flows for the year	**(6,056)**	5,289

Effect of disposal on the financial position of the Group

	Note	Group 2016
		$'000
Property, plant and equipment	4	**46,630**
Associates		**4,200**
Deferred tax assets	12	**1,503**
Inventories		**21,610**
Trade and other receivables		**89,680**
Assets held for sale		**7,019**
Cash and cash equivalents		**15,213**
Deferred tax liabilities	12	**(180)**
Trade and other payables		**(49,590)**
Current tax liabilities		**(460)**
		135,625
Non-controlling interests		**(2,886)**
		132,739
Realisation of reserves		**(3,257)**
Gain on disposal of discontinued operations	25	**21,211**
Transaction costs		**2,091**
Deferred consideration receivable (non-current)	9	**(14,000)**
Other receivables (current)	14	**(2,784)**
Consideration received, satisfied in cash		**136,000**
Cash and cash equivalents disposed of		**(15,213)**
Net cash inflow		**120,787**

The Group is still in discussion with the Purchaser to finalise the completion accounts of the Disposal Transaction. The subsequent outcome of the negotiation between management and the Purchaser on the adjustments from net working capital, capital expenditure and net debt amounts of the disposed businesses may affect the final consideration of the Disposal Transaction. Consequently, this may affect the amount of other current receivable (note 14) and gain on disposal recognised by the Group as at 31 December 2016.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

28 Earnings per share

Basic earnings per share

The calculation of basic earnings per share for the year ended 31 December 2016 was based on the loss attributable to ordinary shareholders of $12,104,000 (2015: $87,365,000), and a weighted average number of ordinary shares outstanding of 470,733,000 (2015: 470,461,000), calculated as follows:

(Loss)/Profit attributable to ordinary shareholders

	Group					
	2016			2015		
	Continuing operations $'000	Discontinued operations $'000	Total $'000	Continuing operations $'000	Discontinued operations $'000	Total $'000
(Loss)/Profit attributable to ordinary shareholders	**(49,644)**	**37,540**	**(12,104)**	(106,576)	19,211	(87,365)

Weighted average number of ordinary shares

	Note	Group 2016 No. of shares '000	Group 2015 No. of shares '000
Issued ordinary shares at 1 January	17	**471,914**	471,914
Effect of own shares held		**(1,181)**	(1,453)
Weighted average number of ordinary shares at 31 December		**470,733**	470,461

Diluted earnings per share

The calculation of diluted earnings per share for the year ended 31 December 2016 was based on loss attributable to ordinary shareholders of $12,104,000 (2015: $87,365,000), and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 470,733,000 (2015: 470,461,000).

As at 31 December 2016, 1,336,000 (2015: 1,536,000) options and 1,315,000 (2015: 1,362,500) awards were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.

Diluted earnings per share – Continuing operations

The calculation of diluted earnings per share on continuing operations for the year ended 31 December 2016 was based on loss attributable to ordinary shareholders of $49,644,000 (2015: $106,576,000), and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 470,733,000 (2015: 470,461,000).

As at 31 December 2016, 1,336,000 (2015: 1,536,000) options and 1,315,000 (2015: 1,362,500) awards were excluded from the diluted weighted average number of ordinary shares calculation on continuing operations as their effect would have been anti-dilutive.

28 Earnings per share (Continued)

Diluted earnings per share – Discontinued operations

The calculation of diluted earnings per share on discontinued operations for the year ended 31 December 2016 was based on profit attributable to ordinary shareholders of $37,540,000 (2015: $19,211,000), and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 472,196,000 (2015: 471,917,000), calculated as follows:

Weighted average number of ordinary shares (diluted)

	Group	
	2016	**2015**
	No. of shares	**No. of shares**
	'000	**'000**
Weighted average number of ordinary shares (basic)	**470,733**	470,461
Effect of share options on issue	**32**	64
Effect of share awards not released	**1,431**	1,392
Weighted average number of ordinary shares (diluted) at 31 December	**472,196**	471,917

As at 31 December 2016, 1,120,000 (2015: 1,320,000) options were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.

The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the period during which the options were outstanding.

29 Operating segments

The Group has three strategic divisions, described below, which are the Group's reportable segments. These divisions offer different products and are managed independently because they require different operational and marketing strategies. The Group's CEO reviews internal management reports of each division on a monthly basis with the respective management teams. The following summary describes the operations in each of the Group's reportable segments:

- Foam Plastics Solutions: Manufacture and sale of expandable foam plastics for packaging, insulation and other applications. This segment was sold on 30 December 2016 (see note 27).
- Components:
  - ➢ Hard Disk Drive: Manufacture and distribution of actuator arms and related assembly for the hard disk drive industry.
  - ➢ Precision Engineering Solutions: Manufacture and distribution of precision machined components for products used mainly in automotive, customer devices and semi-conductor sectors. Part of this segment, Flow Control Devices, was sold on 30 December 2016 (see note 27).

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit/(loss) before tax, as included in the internal management reports that are reviewed by the Group's CEO. Segment profit/(loss) is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

29 Operating segments (Continued)

Information about reportable segments

	Foam Plastics Solutions (Discontinued)		Components – Precision Engineering Solutions*		Components – Hard Disk Drive		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
External revenue, representing consolidated revenue	160,900	183,010	115,823	109,750	341,580	357,918	618,303	650,678
Finance income	1,534	772	252	81	41	114	1,827	967
Finance costs	(625)	(759)	(919)	(1,633)	(4,667)	(4,543)	(6,211)	(6,935)
Depreciation	(7,524)	(7,892)	(8,073)	(8,746)	(21,359)	(23,044)	(36,956)	(39,682)
Share of profit of associates	1,125	1,084	–	–	–	–	1,125	1,084
Reportable segment profit/(loss) before tax	3,345	7,706	(2,075)	2,646	(13,181)	(75,846)	(11,911)	(65,494)
Other material non-cash items:								
Fair value change in trade receivable	347	(3,190)	–	(1,105)	–	–	347	(4,295)
Impairment loss on goodwill	–	–	–	–	–	(67,292)	–	(67,292)
Property, plant and equipment written off	–	–	(3,723)	–	(6,186)	–	(9,909)	–
Inventories written down	(29)	–	(1,178)	–	(4,267)	–	(5,474)	–
Reportable segment assets	–	162,066	27,156	93,187	183,628	186,174	210,784	441,427
Investment in associates	–	1,375	–	–	–	–	–	1,375
Capital expenditure	7,977	6,895	2,424	1,279	17,802	14,183	28,203	22,357
Reportable segment liabilities	–	75,125	7,520	21,423	159,364	164,781	166,884	261,329

* The Flow Control Devices business, which had been disposed on 30 December 2016, was part of the Component – Precision Engineering Solutions segment.

29 Operating segments (Continued)

Reconciliations of reportable segment profit or loss, assets and liabilities and other material items

	2016 $'000	2015 $'000
Profit or loss		
Total loss for reportable segments	**(11,911)**	(65,494)
Elimination of discontinued operations	**(25,011)**	(21,656)
Unallocated amounts:		
– Foreign exchange loss	**(8,566)**	(2,216)
– Fair value change on deferred consideration receivable	**(1,118)**	–
– Fair value gain/(loss) on financial derivatives	**7,085**	(2,805)
– Other corporate expenses	**(7,136)**	(6,358)
Consolidated loss from continuing operations before tax	**(46,657)**	(98,529)
Assets		
Total assets for reportable segments	**210,784**	441,427
Investment in associates	**–**	3,020
Other unallocated amounts*	**147,831**	13,153
Consolidated total assets	**358,615**	457,600
Liabilities		
Total liabilities for reportable segments	**166,884**	261,329
Other unallocated amounts^	**47,955**	32,397
Consolidated total liabilities	**214,839**	293,726

* As at 31 December 2016, the unallocated assets mainly relate to cash and cash equivalents amounting to $131,280,000 (2015: $11,122,000), financial derivative assets amounting to $575,000 (2015: $766,000), deferred consideration receivable amounting to $12,882,000 (2015: Nil) and amount due from purchaser of the Group's disposed businesses amounting to $2,784,000 (2015: Nil) that are unallocated to the segments.

^ As at 31 December 2016, the unallocated liabilities mainly relate to financial derivative liabilities amounting to $1,975,000 (2015: $9,609,000), corporate bank loans of $29,487,000 (2015: $21,790,000) and provisions and accrued expenses in relation to the Disposal Transaction amounting to $12,526,000 (2015: Nil) that are unallocated to the segments.

Other material items

	Reportable segment totals $'000	Adjustments $'000	Consolidated totals $'000
2016			
Finance income	**1,827**	**(136)**	**1,691**
Finance costs	**(6,211)**	**(539)**	**(6,750)**
Capital expenditure	**28,203**	**2**	**28,205**
Depreciation	**(36,956)**	**(56)**	**(37,012)**

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

29 Operating segments (Continued)

Reconciliations of reportable segment profit or loss, assets and liabilities and other material items (Continued)

Other material items (Continued)

	Reportable segment totals $'000	Adjustments $'000	Consolidated totals $'000
2015			
Finance income	967	(104)	863
Finance costs	(6,935)	(85)	(7,020)
Capital expenditure	22,357	28	22,385
Depreciation	(39,682)	(70)	(39,752)

Geographical information

Singapore is the country of domicile of the Company. The principal activity of the Company is that of an investment holding company. Subsidiaries of the Company in the three reportable segments are located in People's Republic of China, Singapore, Thailand and United States of America.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

	Revenue $'000	Non-current assets* $'000
31 December 2016		
People's Republic of China	**336,491**	**67,312**
Singapore	**21,092**	**13,022**
Thailand	**172,862**	**41,378**
United States of America	**49,753**	**2,664**
Other countries	**38,105**	**736**
	618,303	**125,112**
31 December 2015		
People's Republic of China	379,898	147,246
Singapore	14,561	1,799
Thailand	170,947	28,855
United States of America	45,413	2,802
Other countries	39,859	–
	650,678	180,702

* Non-current assets presented consist of property, plant and equipment, associates, other non-current receivables and club memberships.

Major customers

Revenue from one (2015: one) major customers of the Group represents approximately $272,067,000 (2015: $257,328,000) of the Group's total revenue.

30 Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Within one year	**1,396**	7,236	**237**	284
Between one and five years	**1,215**	8,956	**424**	–
After five years	**–**	929	**–**	–
	2,611	17,121	**661**	284

The Group and Company lease a number of warehouses, factory facilities and offices under operating leases. The leases typically run for a period of one to five years, with an option to renew the lease after that date.

31 Capital commitments

As at 31 December 2016, the Group had entered into contracts to purchase property, plant and equipment amounting to $1,213,000 (2015: $140,000). These commitments are expected to be settled in the next 12 months.

As at 31 December 2015, the Company had an uncalled capital commitment to subscribe for additional investment in a subsidiary amounting to $5,937,000.

32 Contingencies

Provision for taxes

The Group derives a substantial amount of its profit from manufacturing and trading activities across several countries before the sale of final products to ultimate customers and is therefore subject to income taxes in several jurisdictions. Significant judgement is required in determining the taxable profit in each of the tax jurisdictions during the estimation of the provision for taxes.

There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Therefore, the Group recognises tax liabilities based on its assessment of whether it is probable with a reliable estimate, that additional taxes and interests will be due. These tax liabilities are recognised when the Group believes that certain positions may not be fully substantiated upon review by tax authorities and can be reliably estimated, despite the Group's belief that its tax return positions are supportable.

The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of multi-faceted judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities. Such changes to tax liabilities will impact tax expense in the period that such a determination is made.

The Group has tax positions from its various intra-group operations which may be challenged by the respective tax authorities. If the tax authorities disagree with the tax treatment and position taken by the Group on such intra-group transactions, they may impose tax adjustments of up to 10 years back on the operations under review. The methodology used to derive the tax liability amounts is also subject to negotiation with the tax authorities. Due to the wide range of possible outcomes, premising on the different methodologies applied and the outcomes of the negotiations with the tax authorities, the Group was not able to reliably estimate the probable exposures on the tax liabilities on its intra-group transactions.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

33 Related parties

Transactions with key management personnel

Key management personnel compensation

Key management personnel of the Company and the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. The directors of the Company and the Group are considered as key management personnel of the Group.

Key management personnel compensation comprised:

	Group	
	2016 $'000	2015 $'000
Short-term employee benefits	**2,331**	2,480
Post-employment benefits (including contributions to defined contribution plans)	**20**	22
Equity-settled share-based payments	**18**	26
	2,369	2,528

Included in the above, total compensation to directors of the Company amounted to $1,454,000 (2015: $1,468,000).

Directors also participate in the Broadway Industrial Group Limited Share Option Scheme 2001 and the Broadway Industrial Group Limited Share Plan. 100,000 (2015: 100,000) share awards were granted to the directors of the Company during the year. The share awards that were granted in 2016 were on the terms and conditions as described in note 19. At the reporting date, 300,000 (2015: 1,100,000) of those share options and 123,750 (2015: 291,250) of those share awards were outstanding.

Other related party transactions

	Group	
	2016 $'000	2015 $'000
Sale of goods to associates	**4,245**	8,282

34 Subsequent event

Subsequent to the year ended 31 December 2016, the directors announced an interim one-tier tax exempt dividend of 8.5 cents per ordinary share for the year ended 31 December 2016 which amounted to a net dividend of $40,025,000. The dividends have not been provided for as at 31 December 2016 and have been paid on 28 March 2017.

STATISTICS OF SHAREHOLDINGS
AS AT 31 MARCH 2017

Number of Equity Securities	:	470,884,461
Class of Equity Securities	:	Ordinary shares
Voting Rights	:	One vote per share
Number of Treasury Shares	:	1,030,150

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	12	0.50	168	0.00
100 – 1,000	29	1.21	20,816	0.00
1,001 – 10,000	845	35.21	4,651,092	0.99
10,001 – 1,000,000	1,483	61.79	100,475,401	21.34
1,000,001 AND ABOVE	31	1.29	365,736,984	77.67
TOTAL	**2,400**	**100.00**	**470,884,461**	**100.00**

SUBSTANTIAL SHAREHOLDERS (As recorded in the Register of Substantial Shareholders) as at 31 March 2017

Name of Substantial Shareholder	Direct Interest	%[1]	Deemed Interest	%[1]	Total Interest	%[1]
Lau Leok Yee[2]	79,851,142	16.96	90,317,468	19.18	170,168,610	36.14
Lew Syn Pau	–	–	44,572,639	9.47	44,572,639	9.47

Notes:

(1) Percentage is calculated based on total issued shares of the Company less treasury shares (i.e. 470,884,461).

(2) Madam Lau Leok Yee is the beneficial owner of the 90,317,468 ordinary shares held by Citibank Nominees Singapore Pte Ltd.

STATISTICS OF SHAREHOLDINGS

AS AT 31 MARCH 2017

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	CITIBANK NOMINEES SINGAPORE PTE LTD	99,979,968	21.23
2	LAU LEOK YEE	79,851,142	16.96
3	RAFFLES NOMINEES (PTE) LIMITED	47,185,962	10.02
4	CIMB SECURITIES (SINGAPORE) PTE. LTD.	16,963,349	3.60
5	DBS NOMINEES (PRIVATE) LIMITED	16,422,709	3.49
6	DB NOMINEES (SINGAPORE) PTE LTD	15,413,600	3.27
7	CHUA KENG LOY	14,300,000	3.04
8	LAM SENG HANG LTD	10,600,000	2.25
9	MAYBANK KIM ENG SECURITIES PTE. LTD.	7,898,169	1.68
10	OCBC SECURITIES PRIVATE LIMITED	7,257,926	1.54
11	UOB KAY HIAN PRIVATE LIMITED	6,436,733	1.37
12	PHILLIP SECURITIES PTE LTD	5,817,591	1.24
13	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	3,765,590	0.80
14	ANG KIAN HENG	3,000,000	0.64
15	WANG JUNG HSIN	2,800,000	0.59
16	LIM & TAN SECURITIES PTE LTD	2,753,733	0.58
17	LIEW CHEE KONG	2,731,000	0.58
18	KOH CHIN HWA	2,400,000	0.51
19	MAYBANK NOMINEES (SINGAPORE) PRIVATE LIMITED	2,055,200	0.44
20	GBM VENTURE PTE LTD	2,000,000	0.42
	TOTAL	**349,632,672**	**74.25**

PUBLIC SHAREHOLDING

Based on the information available to the Company as at 31 March 2017, approximately 53.6% of the issued ordinary shares of the Company is held by the public and, therefore, Rule 723 of the Listing Manual issued by the SGX-ST is complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Broadway Industrial Group Limited (the "Company") will be held at Temasek 1, Level 2, Hotel Jen Tanglin Singapore, 1A Cuscaden Road Singapore 249716 on Sunday, 30 April 2017 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the year ended 31 December 2016 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect the following Directors of the Company retiring pursuant to Articles 109 and 119 of the Company's Constitution:

Mr Lew Syn Pau	[Retiring under Article 109]	**(Resolution 2)**
Mr Ng Ah Hoy	[Retiring under Article 109]	**(Resolution 3)**
Mr Chuah Aik Loon	[Retiring under Article 119]	**(Resolution 4)**

Mr Lew Syn Pau will, upon re-election as a Director of the Company, remain as the Chairman of the Board of Directors, a member of the Audit Committee, Remuneration Committee and Nomination Committee and will be considered independent.

3. To approve the payment of Directors' fees of S$590,000 for the year ended 31 December 2016 (2015: S$412,917). **(Resolution 5)**

4. To re-appoint Messrs KPMG LLP as Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 6)**

5. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

6. **Authority to Issue Shares**

That pursuant to Section 161 of the Act, and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), approval be and is hereby given to the Directors, to:

(a) (i) issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise;

(ii) make or grant offers, agreements or options that might or would require Shares to be issued or other transferable rights to subscribe for or purchase Shares (collectively, "**Instruments**") including but not limited to the creation and issue of warrants, debentures or other instruments convertible into Shares; and

(iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues,

at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit; and

NOTICE OF ANNUAL GENERAL MEETING

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while the authority was in force,

provided always that the aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per centum (50%) of the Company's total number of issued Shares excluding treasury shares, of which the aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) to be issued other than on a pro rata basis to shareholders of the Company does not exceed twenty per centum (20%) of the total number of issued Shares excluding treasury shares of the Company, and for the purpose of this Resolution, the total number of issued Shares excluding treasury shares shall be the Company's total number of issued Shares excluding treasury shares at the time this Resolution is passed, after adjusting for:

(i) new Shares arising from the conversion or exercise of convertible securities,

(ii) new Shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this Resolution is passed, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST, and

(iii) any subsequent bonus issue, consolidation or subdivision of the Company's Shares, and

such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

[See Explanatory Note (i)] **(Resolution 7)**

7. **Authority to Issue Shares Under the BIGL Share Option Scheme 2001**

That pursuant to Section 161 of the Act and Rule 806 of the Listing Manual of the SGX-ST, the Directors be authorised and empowered to issue from time to time such number of fully-paid Shares as may be required to be issued pursuant to the exercise of options granted by the Company under the BIGL Share Option Scheme 2001 (the "**Scheme**") before the expiry of the Scheme on 7 November 2011, provided always that the aggregate number of Shares to be issued pursuant to the Scheme, the BIGL Share Plan and any other applicable share based schemes which the Company may have in place, shall not exceed fifteen per centum (15%) of the total number of Shares, excluding treasury shares, from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (ii)] **(Resolution 8)**

8. **Authority to Issue Shares Under the BIGL Share Plan**

That pursuant to Section 161 of the Act and Rule 806 of the Listing Manual of the SGX-ST, the Directors be authorised and empowered to offer and grant awards under the BIGL Share Plan (the "Plan") and to issue from time to time such number of fully-paid Shares as may be required to be issued pursuant to the vesting of the awards under the Plan, provided always that the aggregate number of new Shares to be issued pursuant to the Plan, the BIGL Share Option Scheme 2001 and any other applicable share based schemes which the Company may have in place, shall not exceed fifteen per centum (15%) of the total number of Shares, excluding treasury shares, from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (iii)] **(Resolution 9)**

NOTICE OF ANNUAL GENERAL MEETING

9. **Renewal of the Share Buy-Back Mandate**

That:

(a) for the purposes of the Companies Act, the exercise by the Directors of all the powers of the Company:

(i) to purchase or otherwise acquire issued ordinary shares ("**Share Buy-Backs**") in the capital of the Company ("Shares") not exceeding in aggregate the Maximum Limit (as hereinafter defined), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

(aa) on-market Share Buy-Backs (each a "**Market Purchase**") on SGX-ST; and/or

(bb) off-market Share Buy-Backs (each an "**Off-Market Purchase**") effected otherwise than on the SGX-ST in accordance with any equal access schemes as may be determined or formulated by the Directors as they consider fit, which schemes shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable; and

(ii) to deal with the Shares acquired or purchased by the Company under the Share Buy-Backs in accordance with the Constitution of the Company (as amended or modified from time to time), whether to (aa) deem such Shares as cancelled upon acquisition or purchase; (bb) hold such Shares as treasury shares; and/or (cc) otherwise deal with such Shares in the manner provided and to the fullest extent permitted under the Companies Act,

be and is hereby authorised and approved generally and unconditionally (the "**Share Buy-Back Mandate**");

(b) the authority conferred on the Directors pursuant to the Share Buy-Back Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:

(i) the date on which the next Annual General Meeting of the Company is held or required by law to be held;

(ii) the date on which the Share Buy-Backs pursuant to the Share Buy-Back Mandate are carried out to the full extent mandated; or

(iii) the date on which the authority conferred by the Share Buy-Back Mandate is revoked or varied by the Company in a general meeting;

NOTICE OF
ANNUAL GENERAL MEETING

(c) in this Resolution:

"**Average Closing Price**" means the average of the closing market prices of the Shares over the last five days on which the SGX-ST is open for trading of securities ("**Market Days**") on which the Shares were transacted on the SGX-ST, before the date of the Market Purchase by the Company, or as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted in accordance with the listing rules of the SGX-ST for any corporate action which occurs after the relevant five-day period; and

"**date of the making of the offer**" means the date on which the Company makes an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

"**Maximum Limit**" means that number of Shares representing ten per centum (10%) of the total number of Shares as at the date of the passing of this Resolution (excluding any treasury shares that may be held by the Company from time to time); unless the Company has, at any time during the Relevant Period, reduced its share capital in accordance with the applicable provisions of the Companies Act, in which event the total number of issued Shares shall be taken to be the total number of issued as altered after such capital reduction. Any Share which are held as treasury shares will be disregarded for the purposes of computing the 10.0% limit; and

"**Maximum Price**" in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commissions, applicable goods and services tax and other related expenses) to be paid for a Share, which shall not exceed:

(i) in the case of a Market Purchase of a Share, five per centum (5%) above the Average Closing Price; and

(ii) in the case of an Off-Market Purchase, twenty per centum (20%) above the Average Closing Price; and

(d) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider necessary or expedient to give effect to the transactions contemplated and/or authorised by this Resolution.

[See Explanatory Note (iv)] **(Resolution 10)**

By Order of the Board

Lynn Wan Tiew Leng
Lin Yu Xuan Terence
Secretaries

Singapore

15 April 2017

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(i) The Ordinary Resolution 7 above, if passed, will authorise and empower the Directors from the date of the above Annual General Meeting until the next Annual General Meeting to issue Shares and convertible securities in the Company up to an amount not exceeding in aggregate fifty per centum (50%) of the total number of issued Shares excluding treasury shares of the Company of which the total number of Shares and convertible securities issued other than on a pro rata basis to existing shareholders shall not exceed twenty per centum (20%) of the total number of issued Shares excluding treasury shares of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. Rule 806(3) of the Listing Manual of the SGX-ST currently provides that the total number of issued shares excluding treasury shares of the Company for this purpose shall be the total number of issued Shares excluding treasury shares at the time this Resolution is passed (after adjusting for new Shares arising from the conversion or exercise of convertible securities or share options in issue at the time this Resolution is passed and any subsequent bonus issue, consolidation or subdivision of the Company's shares). This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

(ii) The Ordinary Resolution 8 above, if passed, will empower the Directors of the Company, from the date of the above Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is earlier, to issue Shares pursuant to the exercise of options granted under the Scheme, provided always that the aggregate number of new Shares to be issued pursuant to the Scheme, the BIGL Share Plan and any other applicable share based schemes, shall not exceed fifteen per centum (15%) of the total number of issued Shares, excluding treasury shares, from time to time. Although the Scheme had expired on 7 November 2011, options previously granted will remain valid until the expiry, cancellation or exercise of the options.

(iii) The Ordinary Resolution 9 above, if passed, will empower the Directors of the Company, from the date of the above Annual General Meeting until the conclusion of the next Annual General Meeting, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is earlier, to offer and grant awards under the Plan in accordance with the provisions of the Plan and to issue from time to time such number of Shares as may be required to be issued pursuant to the vesting of the awards under the Plan subject to the maximum number of shares prescribed under the terms and conditions of the Plan, provided always that the aggregate number of new Shares to be issued pursuant to the Scheme, the Plan and any other applicable share based schemes, shall not exceed fifteen per centum (15%) of the total number of issued Shares, excluding treasury shares, from time to time. Resolution 9 is independent from Resolution 8 and the passing of Resolution 9 is not contingent on the passing of Resolution 8.

(iv) The Ordinary Resolution 10 above is to renew the Share Buy-Back Mandate which was approved by shareholders on 14 December 2016.

The Company intends to use its internal sources of funds and external borrowings to finance its purchase or acquisition of its Shares. The amount of financing required for the Company to purchase or acquire its Shares, and the impact on the Company's financial position, cannot be ascertained as at the date of this Notice as these will depend on, inter alia, the aggregate number of Shares purchased or acquired and the consideration paid at the relevant time.

Based on the total number of issued Shares as at 31 March 2017 (the "Latest Practicable Date"), the purchase by the Company of ten per centum (10%) of its issued Shares (excluding the shares held in treasury) will result in the purchase or acquisition of 47,088,446 Shares.

Assuming that the Company purchases or acquires 47,088,446 Shares at the Maximum Price, the maximum amount of funds required is approximately:

NOTICE OF
ANNUAL GENERAL MEETING

(a) in the case of Market Purchases of Shares, S$8.1 million based on S$0.171 for each Share (being the price equivalent to five per centum (5%) above the Average Closing Price of the Shares traded on the SGX-ST over the last five Market Days preceding the Latest Practicable Date); and

(b) in the case of Off-Market Purchases of Shares, S$9.2 million based on S$0.195 for each Share (being the price equivalent to twenty per centum (20%) above the Average Closing Price of the Shares traded on the SGX-ST over the last five Market Days preceding the Latest Practicable Date).

The financial effects of the purchase or acquisition of such Shares by the Company pursuant to the proposed Share Buy-Back Mandate on the audited financial statements of the Group for the financial year ended 31 December 2016, based on certain assumptions, are set out in Paragraph 2.7.3 of the Appendix to this Notice of Annual General Meeting for the financial year ended 31 December 2016 to shareholders of the Company dated 15 April 2017.

Please refer to the Appendix to this Notice of Annual General Meeting for details.

Notes:

1. (a) A member who is not a relevant intermediary, is entitled to appoint one or two proxies to attend and vote at the Annual General Meeting (the "**Meeting**").

   (b) A member who is a relevant intermediary, is entitled to appoint more than two proxies to attend and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Cap. 50.

2. A proxy need not be a member of the Company.

3. The instrument appointing a proxy or proxies must be deposited at the Registered Office of the Company at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

BROADWAY INDUSTRIAL GROUP LIMITED

(Company Registration No.: 199405266K)
(Incorporated in the Republic of Singapore)

(PLEASE SEE NOTES OVERLEAF BEFORE COMPLETING THIS FORM)

PROXY FORM

IMPORTANT:

1. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see note 4 for the definition of "relevant intermediary").
2. For investors who have used their CPF monies to buy Broadway Industrial Group Limited's shares, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
3. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
4. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

I/We, ____________________ *(name of shareholder)*

of ____________________ *(address of shareholder)*

being a member/members of Broadway Industrial Group Limited (the "**Company**"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "**Meeting**") of the Company to be held at Temasek 1, Level 2, Hotel Jen Tanglin Singapore, 1A Cuscaden Road Singapore 249716 on Sunday, 30 April 2017 at 10.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

No.	Resolutions relating to:	For**	Against**
1	Directors' Statement and Audited Financial Statements for the year ended 31 December 2016		
2	Re-election of Mr Lew Syn Pau as a Director		
3	Re-election of Mr Ng Ah Hoy as a Director		
4	Re-election of Mr Chuah Aik Loon as a Director		
5	Approval of payment of Directors' fees for FY2016 amounting to S$590,000		
6	Re-appointment of Messrs KPMG LLP as Auditors		
7	Authority to issue new shares		
8	Authority to issue shares under the BIGL Share Option Scheme 2001		
9	Authority to issue shares under the BIGL Share Plan		
10	Proposed Renewal of Share Buy-Back Mandate		

* Delete where inapplicable

** If you wish to exercise all your votes "For" or "Against" the relevant resolution, please tick [√] within the relevant box provided. Alternatively, if you wish to exercise all your votes for both "For" or "Against" the relevant resolution, please indicate the number of votes as appropriate in the boxes provided.

Dated this ______ day of April 2017

Total number of Shares Held	No. of Shares
(a) CDP Register	
(b) Register of Members	

Signature(s) of Shareholder(s)
or Common Seal of Corporate Shareholder

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 298), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

   "Relevant intermediary" means:

   (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or
   (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

5. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than forty-eight (48) hours before the time appointed for the Meeting.

7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 15 April 2017.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Company Registration No.: 199405266K

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